

ANNEXURE "A"

3

" The City of Heritage "



ANNUAL REPORT

2011/2012 FINANCIAL YEAR

ANNUAL REPORT FOR THE YEAR ENDING 30 JUNE 2012**TABLE OF CONTENTS**

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1. MAYORAL OVERVIEW

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1.1 INTRODUCTION

The Honourable Speaker, the Honourable Deputy Mayor, the Whip, Colleagues in the Executive and Finance Committee and esteemed members of this Council, the Municipal Manager and Management, officials, the public members present, distinguished guests, ladies and gentlemen.

This day marks our final moment as Ulundi Local Council to further the mandate bestowed upon us by the electorate, to meet in this fashion as a representative democratic third pillar of government for the year 2012. I stand before you, ladies and gentlemen, with pride, courage and renewed vigour as Mayor that indeed the history that has repeated itself several times in Ulundi and the peripheries that whenever the multitudes of Ulundi are called upon to elect leadership to govern them in Ulundi, they consistently elect the tried and tested leadership of the Inkatha Freedom Party.

As a dedicated deployee of the Inkatha Freedom Party I take a stand to address this Council in this public meeting in the presence of the majority members of this Council who day in day out spare no effort, in answering their calling as Ward and Party Representative Councillors, to deliver services to their communities. As a long serving community development politician and a longest serving Councillor in this Council, I have work under many trying circumstances. There was a time in our history as Ulundi when in this area there was practically nothing, except for dwelling homesteads.

The Government of KwaZulu and Prince MG Buthelezi, it is common cause ladies and gentlemen, gave life to what we now call Ulundi. The electorate of Ulundi voted for the first time in the Local Government elections under the Constitutional are in 1996. Our communities, who voted the last Transitional Local Council all Inkatha Freedom Party Councillors into office, spoke in unison that they wanted development and they trusted the Inkatha Freedom Party to deliver their emancipation. Again on 5 December 2000 Local Government elections, on the 1 March 2006 Local Government elections and finally on the Local Government elections of 18 May 2011 that marked the beginning of this term, overwhelmingly expressed their sustained faith on the Inkatha Freedom Party to govern their affairs in this municipality. However, a system of multi-party dispensation has perpetually taken ground. The latter predestines a representative democracy kind of dispensation where the electoral quota determines the number of seats a political party represented in Council has and the same goes for all structures of Council.

It therefore, follows that all political parties represented in this Council are represented in all structured of Council in proportion to the votes they obtained in the elections. These structures are established in terms of section

79 of the Structures Act to provide the necessary oversight to the administration and they are as follows:

- The Executive and Finance Committee
- The Municipal Public Accounts Committee
- The Protection Services Portfolio Committee
- The Technical Services Portfolio Committee
- The Community Services Portfolio Committee; and
- The Tourism and LED Portfolio Committee.

There is an item on anticipated frequency of meetings per Committee and therefore I will not address same in this Report, save to say that there is obvious room for improvement in so far as the attendance of meetings of these Committees is concerned. This is one area where ones councillorship diligence is testable against the allowance one draws at the end of every month. I do not know about the other Councillors, but my conscious will not allow me to draw a salary when I have not worked. Indeed, I do not undermine the other spheres of responsibility of a Councillor. My emphasis hereat is that the Code of Conduct whose copies we all have relatively renders the attendance of these meetings mandatory. I shall now briefly reflect on the reportable year herein; 2011/2012.

2. THE LEGALITY OF AN ANNUAL REPORT

In terms of Section 127 (2) of the Municipal Finance Management Act, No. 56 of 2003 the Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control and also in terms of Section 121 of the same Act, a Council of a municipality and of any municipal entity under the has a responsibility to deal with the Annual Report regarding a previous financial year within nine months of the ensuing year. In other words this Council has until March to approve this Annual Report.

The procedure to be followed is that once Council notes this report, between January and February 2013, once the Corrective Action Plan to the internal control matters identified by the AG has been prepared by Management, this Annual Report along with the Corrective Action Plan will be reviewed by the Internal Audit Unit, and thereafter by the Municipal Performance and Audit Committee, and thereafter by Municipal Public Accounts Committee which will make recommendations to Council in an Oversight Report at a Special Meeting to be sought from the Hon. Speaker.

The Annual Financial Statements for 2011/2012 once drafted went through the Internal Audit Unit, the Municipal Performance and Audit Committee, the Municipal Public Accounts Committee and the Executive and Finance Committee for review before they were submitted to the Auditor General for auditing on 31 August 2012. In keeping with the Generally Recognised Accounting Practices (GRAP), the components of these AFS s' are as follows and the AG audited these based on the following disclosures:

- The statement of financial position that indicates the total net assets as at 30 June 2012 of R678 280 529. The flagged notes to the AFS provide explanations.
- The statement of financial performance that indicates the deficit of R208 283 118 as at 30 June 2012. Members are again encouraged to read through the notes cited per line item.
- The statement of changes in net assets as at 30 June 2012 whose total was R678 280 530
- The cash flow statement as at 30 June 2012, that depicts the net cash and cash equivalents of R1 047 420
- The Accounting Policies applicable
- The notes to the Financial Statements, as indicated above
- Appendix A – Schedule of external loans
- Appendix B - Analysis of Property, Plant and Equipment
- Appendix C – Segment Analysis of Property, Plant and Equipment
- Appendix D – Segment Statement of financial performance
- Appendix E (1) – Actual versus expenditure (Revenue versus Income)
- Appendix E (2) _ Actual versus budget (Acquisition of Property, Plant and Equipment); and
- Appendix F – Disclosures of Grants and Subsidies in terms of the MFMA

The Financial Statements although complicated are quite a simple document to understand. If one understands the assets, finances and liabilities; especially a member of Exco, where on monthly basis section 71 Reports are tabled, the annual financial statements if scrutinised may be understood. However an empty vessel and a loud mouthed chatterbox that knows nothing about finances should not pretend to be a fundi by making nonsensical media statements about matters beyond his/her comprehension, because nothing is as hopeless as a bumbling idiot and a Johnny Come Late who vents a spleen and enjoys a temporal media spotlight based on an un-researched lie that in stupidity a person purports to be true. A silent idiot is better than a vocal one, because if you are silent nobody knows how stupid you are. And Mr Speaker, I did not call any name. This is just an advice to all of us; myself included.

I wish to address once and for all the cash-flow issue that has been made famous irregularly and without a proper comprehension of the matter. In page 46 of the Annual Financial Statements the municipality disclosed to the AG a cash-flow problem in note 46.3 to the AFS. The Going Concern affects the next 12 months from 30 June 2012. Therefore it affects the current financial year.

This going concern results from the fact that towards the end of 2011/2012 Management due to a problem I will talk to here-below, the municipality as at the end of June 2012 had Unspent Conditional Grants of R11,9 million and un-backed Consumer Deposits of R1,4 million.

I wish to state that although this was the position as at the end of the financial year. The situation was addressed when the Equitable Share was received in July 2012. However, using funds budgeted to be utilised in the previous financial year puts any organisation on a back-foot going forward into the current financial year. The Action Plan to overcome the cash problem is couched clearly in note 46.3. Some of the Cash-flow Management measures not captured in the Turnaround Strategy are as follows as identified by Management in the Strategic Planning Session of 1-2 August 2012, further pursued by MANCO on 01 October 2012, tabled and approved by the Executive and Finance Committee on 02 October 2012.

- Re-regulation of Billboards in terms of the new By-Laws to levy a rate
- Increase the number of Traffic Licensing Officers to generate more revenue
- Vigorously engage the ZDM to address the Regional Landfill site issue
- Reduce Subsistence and Travelling for employees
- Reduce the number of leased vehicles
- Regulate the number of times that vehicles load petrol
- Suspend overnight accommodation, where possible
- Land Sales
- Traffic Fine payments
- Business Licensing

Mr Speaker, I want to stress that all organisations, including those that are led by the African National Congress, including the Provincial Government go through stressful cash-flow situation and resorts to cash saving measures at one stage or the other in their life-span. Despite this challenge Ulundi Municipality has never approached any financial institution to seek a loan since the Umsekeli grant in the early 2000. Yet as at 30 November 2012 Ulundi Municipality does not owe any creditor any money, with the exception of Eskom, whose debt prior to 30 November 2012 stood at 18 million. And after the payment of R10 million to Eskom on 30 November 2012, an outstanding balance of R8 million remains. We have made an arrangement to repay this debt by March 2013 and we will honour this undertaking. As a municipality over the years as evidenced infra we have taken a knock in so far as the sale of electricity is concerned.

<u>Total Collected</u>	<u>Billing</u>	<u>Profit/Loss</u>
2007/2008		
R17 485 437.15	R14 264 149.03	R3 221 288.12
2008/2009		
R19 455 920.87	R19 867 677.09	-R411 756.22
2009/2010		
R24 969 474.55	R28 226 538.17	-R3 257 063.62
2010/2011		
R33 916 450.29	R33 540 505.54	R375 944.75
2011/2012		
R33 185 183.42	R44 255 519.58	-R11 070 336.16
2012/2013		
R14 727 010.97	R20 365 896.06	-R5 638 885.09

You will notice that in keeping with a Going Concern as at end of June 2012 there was an under collection on the sale of electricity by more than R11 million. Already as at October 2012 there is a shortfall of over R5 million. A breakdown per month from 1 July 2007 to 30 October 2012 is attached to the report.

The most important measure to avert this situation is the establishment of a Cash-flow Management Committee which meets every Friday to assess the cash-flow situation as well as the establishment of Operation Cisha that is an initiative of this Council. No wonder there is acute under collection on electricity sales; about 80% of households in Ulundi consume electricity for free and the majority of businesses are undercharged. Operation Cisha has started to make a difference, as the Eskom Electricity Invoice for the November period indicates a reduction. We hope that the downward spiral of cost as we continue to disconnect illegal consumers of electricity will continue. We have identified the first 20 business meters that have been operating irregularly over many years. Council has lost millions of rands through these irregular meters. We are monitoring the average consumption since the beginning of December 2012. The idea is that over a period of three months we will obtain the correct readings and the Nersa Regulations allow for a surcharge of up to three years, where a business had installed a meter irregularly to short change the municipality. Council will be kept abreast with developments.

Despite the numerous challenges expressed above I stand here to express that "Abathi Umasipala wasoLundi uguqa ngamadolo, badinga ukuxilongwa udokotela" We all read a sick article in the IsiZulu Sunday Times in which Councillor Shwala is quoted saying a lot of unfounded intimations. Surprisingly Councillor Ncala who knows very little about these matters since he does not sit at Exco also contributes. While I reserve the right of any Councillor to say anything to anyone, I warn that there are legal limits. Councillor Shwala did not end there, he went on to rubbish the Press Conference which as I have indicated was a success by stating that the Mayor wasted R100 000.00 of public Funds drinking liquor with journalists at Boulevard Restaurant in his best Radio Station, the Zululand FM a day later. I want to assure this Council that no such payment was made. Indeed since the time allocated for the Press Conference was limited and we had to interact with the media informally in a relaxed environment, some key senior official; namely Mr NG Zulu and some key staff members, as I and the CFO were live in one of the Radio Stations in Durban addressing the same issues, did meet with the media after working hours. I did join them for supper and that was all. At Boulevard Hotel, Mr Zulu and other officials honoured a bill of R2800.00 through their own pockets. As far as I am concerned Mr Zulu and the staff members in his company on the day do not drink alcohol. Any suggestion that

R100 000.00 was spent, I challenge a Councillor to show proof that so much Council Funds were utilised, he must mention a vote that was used and advance documentary proof. This will not be impossible since I am informed that there are junior officials who work hand in glove with certain Councillors. The useless documents illegally handed over to the media and distorted information as explained above, were in fact processed over sorghum beer at Mbilane in one of the homesteads of a senior member of a certain party who had a function, where one talkative Councillor who had had a little too much to drink rubbished the image of this Council. Mr Speaker Sir, in response I condemn this behaviour as I did in the media. It only serves to sow divisions in your Council and expose certain individuals to litigation, but it misleads the public. No Councillor or officials where the Auditor General says all is well has an ability to find otherwise. This Council needs to take a strong punitive action to discourage such behaviour.

It is hereby stressed that all organisations at one stage or the other experience similar problems. The measures are to ensure that while there is insufficient cash coming in, outgoing cash be minimised. Some hide their problems and Ulundi Municipality disclosed a Going Concern in the Annual Financial Statements. A briefing session was also made two weeks ago with Provincial Treasury.

I end my explanation of the Financial Statements by assuring Council that there is no crisis. The situation is well under control. There is no need for panicking.

5. THE ANNUAL PERFORMANCE REPORT

In 2011/2012 the AG expressed an opinion on the performance information. The Annual Performance Report contains information that states how the financial year was concluded. When auditing performance the AG inter alia conducts a comparison for consistency between the IDP, the SDBIP and the APR. Focus is solely on programs for which Council provided a budget.

The APR contains a consolidation of reports that were considered by Council quarterly during 2011/2012. This report is based on commitment by Departments to achieve certain activities mandatory thereto by Council in synergising what the municipality of Ulundi does with the 5 National Key Performance Areas, the objectives set by Council, the annual targets and a comparison between the two financial years e.g.: 2010/2011 and 2011/2012.

The AG as well picks any sample of infrastructure projects and conducts a physical verification. The AG picks a certain number of projects in the IDP, follows them through to the budget, and follows them through to the Asset

Register, the SDBIP to ascertain who was tasked to perform that function. For example, where payment vouchers indicate that a 5 kilometre road, whose tar was 30 millimetre was built in Babanango. The AG physically visits this road to ascertain that indeed this road was successfully built and it is worth so much money.

6. INFRASTRUCTURE PROJECTS 2011/2012

Just for the sake of completion, the MIG budget for 2011/2012 was R22 011 000.00. The following projects were executed as directed by Council:

PROJECT	STATUS
Unit A entrance Road	Completed
Babanango Collector Road	99, 5% completed
Unit B Mbangayiya Roads	80% completed
Market Stalls at old taxi rank	98% completed
Ulundi Park	98% completed
White City Access Roads	60% completed
Mahlabathini Access Roads	45% completed

The Department of Energy's household electrification allocation of R8 million originally allocated for expenditure in 2011/2012 was rolled over to 2012/2013 along with the latter allocation of the same amount and these allocations are being utilised in Ward 1. Progress in this project to date is 20%.

While it is noted that within the Ulundi Municipality Licence area the electrification backlog is 0%, it is hoped that the Ulundi Municipality's commitment to assist with connections in the Eskom areas will soon receive a boost should the intervention by the NCOP, which resulted in a meeting between Eskom, Ulundi Municipality and Department of Energy where Ulundi Municipality expressed its willingness to undertake a huge project to provide electricity to the outstanding households in the Eskom areas. It is hoped that funding will soon be committed for this service to be delivered.

CURRENT PROJECTS

PROJECT	STATUS
White City Access Roads	85% completed
Mahlabathini Access Roads	65% completed
Unit B South Roads Rehabilitation	already 85% complete
Nqulwane Sports Fields	45% completed

The detailed report regarding approved future MIG projects is attached to the report for perusal.

7.

DRAFT ASSESSMENT OUTCOMES

The Draft Assessment outcome report is attached to the Report. It is noted that some Department did not fare well especially on activities that had budget implications, due to the Going Concern disclosure made in the Financial Statements.

However, in keeping with the aforementioned cash flow situation Management has resolved not to accept performance bonuses for 2011/2012. Therefore, no bonuses shall be paid out to all Managers. And I thank Management for this gesture.

8.

THE AUDITOR-GENERAL'S REPORT FOR 2011/2012

Mr Speaker, it is encouraging to note that the Municipality of Ullundi, despite unguided rambling by the prophets of doom who periodically enjoy 30 minutes of fame, since 2007/2008 to date obtains an unqualified audit opinion. Notwithstanding a reduced number of queries; for example the Going Concern as explained, Fruitless and Wasteful Expenditure resulting from interest charged through late payment of creditors, previously noted and ratified by this Council and other minor challenges that require an Action Plan, the Auditor General in his opinion expressed on item 6 of the Audit Report states as follows and I quote; " In my opinion the financial statements presented a fairly, in all material respects, the financial position of the Ullundi Municipality as at 30 June 2012 and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DORA" unquote. In item 18 of the Report by the AG he says and I quote "There were no material findings on the annual

performance report concerning the usefulness and reliability of the information" unquote. The AG goes on to express that the Annual Financial Statements and the Annual Performance Report of the municipality are unqualified.

I wish to take this opportunity to express a word of gratitude to Management and Council for the work well done. Receiving a good report for 5 years in a row is not easy. It is also noticed that the number of negative issues is less than in the 2010/2011 financial year. Indeed there is noticeable reduction.

9. THE 2011/2012 DEBTORS AGE ANALYSIS

Section 121 (e) of the MFMA requires that an assessment of the arrears on municipal taxes and service charges be conducted. In the interest of time the information contained on page 22 of the Financial Statements is unequivocally clear. The Rates debts stood at R68 857 744 as at the end of the 2011/2012. The debts for electricity and other services as at the end of the financial year stood at R31 669 311. These are explained in the Note to the Financial Statements on page 22. Please note that the outstanding property rates includes a written off debt of R19 533 070 based on the Ingonyama Trust Board land being transferred to the municipality.

10. REVENUE COLLECTION FOR EACH REVENUE SOURCE

The information pertaining to this subject is contained on APPENDIX E (1) and E (2). The original budget made provision for a total revenue of R192 375 000. After the Revised Budget this figure stood at R186 675 000. The actual Revenue collected was R169 020 036. Therefore the variance was R17 654 964.

The total expenditure was R192 023 188. The additional R3 162 972 appropriated through the Adjustment Budget as approved by this Council anticipated the total expenditure of R1955 186 160. However, as explained in the Notes to the Financial Statements and cited by the AG there was total expenditure of R228 067 193. The variance in this regard became R32 881 033

APPENDIX E (2) explains Actual versus Budget on Acquisition of Property, Plant and Equipment for the year ended on 30 June 2012. Members are encouraged to study these in their own time.

11. THE ACTION PLAN

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Mr Speaker, this is the Final Draft of the Annual Report for 2011/2012. Management still needs to include to this Report the Action Plan. I did explain this fact at the beginning of my address. I wish to take this opportunity to thank the Internal Audit Unit, the Performance and Audit Committee, the Chairperson of Municipal Public Accounts Committee and Management for the work well done. I trust that more flesh will be added on to this report in due time for it to be tabled to Council.

I wish all Councilors and officials a moment of relaxation in the oncoming festive season. Councilors, however, do not relax as long as there are community complaints. The Municipal Manager has assured that all officials who perform essential services shall be active throughout the festive period. Therefore, all complaints shall be attended to as much as possible. May the Almighty be with us all, now and forever.

THIS FINAL ANNUAL REPORT IS TABLED FOR CONSIDERATION.

I Thank You.

ANNEXURES

2011/2012 ANNUAL FINANCIAL STATEMENTS

1.

Name of Municipal Manager:		Princes S A Buthelezi	
Name of Chief Financial Officer:		Mr. JH Mhlongo	
Contact telephone number:	035-8745100		
Contact e-mail address:	tmaqwaza@ulundi.co.za		
Name of contact at provincial treasury:		Nomfundo Shongwe	
Contact telephone number:	033-8974611		
Contact e-mail address:	nomfundo.shongwe@kzntreasury.gov.za		
Name of relevant Auditor:		Jabulani Nkosi	
Contact telephone number:	033-2647400		
Contact e-mail address:	jabulaniN@agsa.co.za		
Contact Information:			

**ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012**

General information

Members of the Council

Councillor N.J. Manana (f)
Councillor W.M. Ntshangase (m)
Councillor H.J. Mlambo (m)

Councillor J.T. Gasa (m)

Councillor R.V. Sibya (m)

Councillor L.N.Z. Buthelezi (f)

Councillor S.R. Shwala (m)

Councillor G.N. Mithali (f)

Councillor K.P. Ngema (m)

Councillor M.S. Gcaba (m)

Ordinary Council Members

Councillor B.S. Khanyle (m)
Councillor F.L. Buthelezi (m)
Councillor H.M. Kubheka (m)
Councillor J.E. Xulu (m)
Councillor J.M. Khanyle (m)
Councillor J.S. Mhlongo (m)

Councillor K.J. Sibya (m)

Councillor K.M. Sithole (m)

Councillor M. Mdialose (m)

Councillor M.E. Buthelezi (m)

Councillor M.J. Luthuli (m)

Councillor M.M. Mpungose (m)

Councillor M.S. Buthelezi (m)

Councillor M.T. Gasa (m)

Councillor M.Z.B. Ndawandwe (m)

Councillor N.D. Masondo (m)

Councillor V.P. Langa (m)

Grading of Local Authority

Low Capacity

Auditors

Auditor-General South Africa

Bankers

First National Bank

Her Worship the Mayor
Honourable Deputy Mayor
Honourable Speaker
Member of the Executive Committee
Member of the Executive Committee
Member of the Executive Committee
Member of the Executive Committee
Member of the Executive Committee
Member of the Executive Committee
Member of the Executive Committee

General information (continued)

Registered Office: Cnr Princess Magogo & King Zweithini Roads, Ulundi
Physical address: Cnr Princess Magogo & King Zweithini street,
Ulundi, 3838

Postal address: Private Bag X17
Ulundi
3838

Telephone number: +27 35 874 5100 +27 35 874 5800
Fax number: +27 35 870 3506

E-mail address: info@ulundi.co.za

ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2012

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Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages x to x, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councilors, loans made to Councilors, if any, and payments made to Councilors for loss of office, if any, as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager: Princess SA Buthelezi

DATE

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ULUNDI LOCAL MUNICIPALITY			
Annual Financial Statements			
STATEMENT OF FINANCIAL POSITION			
as at 30 June 2012			
	Note	2012	2011
ASSETS			Restated
Current assets			
Cash and cash equivalents	1	1 047 420	497 667
Trade and other receivables from exchange transactions	2	8 919 523	72 412 444
Other receivables from non-exchange transactions	4	469 151	857 452
Inventories	5	977 010	1 281 200
Prepayments	6	-	279 244
Current portion of receivables	8	-	35 572
VAT receivable	13	4 109 736	3 368 742
Non-current assets			
Investments	7	-	140 000
Property, plant and equipment	9	486 284 158	471 388 050
Investment property	10	243 368 000	244 149 000
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	11	52 539 070	42 792 206
Consumer deposits	12	1 485 904	1 369 288
VAT payable	13	-	-
Current provisions	14	666 544	635 408
Current portion of unspent conditional grants and receivables	15	11 917 003	5 216 037
Current portion of borrowings	17	-	540 420
Current portion of finance lease liability	18	285 948	270 031
Non-current liabilities			
Non-current borrowings	19	-	285 948
Total liabilities		66 894 469	51 109 338
Net assets		678 280 529	743 300 033
NET ASSETS			
Reserves		184 148 961	338 096 075
Accumulated surplus / (deficit)		494 131 568	640 568 886
Liabilities and net assets		678 280 529	978 664 961

ULUNDI LOCAL MUNICIPALITY									
STATEMENT OF FINANCIAL PERFORMANCE									
for the year ending 30 June 2012									
			Note	2012	2011	Restated			
Revenue									
Property rates	18 543 920	20 776 767	19						
Property rates - penalties imposed and collection charge	7 865 654	8 017 621	19						
Service charges	37 621 006	39 002 901	20						
Rental of facilities and equipment	385 515	692 010	21						
Interest earned - external investments	413 739	113 542	22						
Fines	678 249	1 383 471							
Licences and permits	1 638 240	2 282 460							
Government grants and subsidies	84 810 628	92 101 509	23						
Other income	4 380 298	3 438 219	24						
Total Revenue	156 337 249	167 808 500							
Expenses									
Employee related costs	51 090 040	58 467 193	25						
Remuneration of councillors	9 080 984	10 443 449	26						
Bad debts	-	709 088							
Provision for Impairment of Trade Debtors	-	61 141 873							
Depreciation and amortisation expense	66 532 535	156 907 199	27						
Repairs and maintenance	5 774 136	5 672 567							
Finance costs	106 921	71 072	28						
Bulk purchases	33 897 823	44 916 039	29						
Contracted services	16 503 250	20 717 637	30						
Grants and subsidies paid									
General expenses	18 489 181	18 937 285	31						
Total Expenses	201 474 870	377 983 402							
Gain / (loss) on sale of assets	209 642	695 069	32						
Change in Accounting Estimate	1 849 354	1 196 715	34						
Surplus / (deficit) for the period	(43 078 625)	(208 283 118)							

ULUNDI LOCAL MUNICIPALITY
Annual Financial Statements
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2012

	Revaluation Reserve	Accumulated Surplus/(Deficit)	Total: Net Assets
Balance at 30 June 2011	338 096 075	412 029 689	750 125 764
Prior year expenditure adjustment		(492 272)	(492 272)
Debtor - MIG written back		(6 332 543)	(6 332 543)
Correction of error adjustment to accumulated Depreciation		235 364 012	235 364 012
Restated balance at 30 June 2011	338 096 075	640 568 886	978 664 961
Revaluation of assets	(92 101 313)		(92 101 313)
Transfer Depreciation on revalued assets	(61 845 801)	61 845 801	-
Surplus / (deficit) for the period		(208 283 118)	(208 283 118)
Balance at 30 June 2012	184 148 961	494 131 569	678 280 530

ULUNDI LOCAL MUNICIPALITY
Annual Financial Statements
CASH FLOW STATEMENT
as at 30 June 2012
Note

		2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers		177 296 664	149 140 606
Cash paid to suppliers and employees		149 213 029	114 718 920
Interest received		28 083 635	34 421 686
Interest paid		113 542	413 739
Net cash flows from operating activities	35	28 126 105	34 797 522
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		(28 358 585)	(37 049 231)
Proceeds from sale of fixed assets		1 476 069	509 642
Proceeds from sale of investments			
Purchase of intangibles			
Decrease/(Increase) in Loans and receivables			
Net cash flows from investing activities		(26 882 516)	(36 539 589)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans raises/ (repaid)		116 616	109 400
Increase/(decrease) in consumer deposits			
Increase/(decrease) in bank overdraft			(99 596)
Repayment of finance lease liability		(270 032)	(384 068)
Decrease in long term liability		(540 420)	
Net cash flows from financing activities		(693 836)	(374 264)
Net increase / (decrease) in net cash and cash equivalents		549 753	(2 116 331)
Net cash and cash equivalents at beginning of period		497 667	2 613 997
Net cash and cash equivalents at end of period	36	1 047 420	497 666

ULUNDI LOCAL MUNICIPALITY Annual Financial Statements SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES for the year ending 30 June 2012

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous years' financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 8 Interest in Joint Ventures - issued August 2006
- GRAP 18 Segment Reporting - issued March 2005
- GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
- GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- GRAP 103 Heritage Assets - issued July 2008

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

- IAS 19 Employee Benefits - effective 1 January 2009
- IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

2.3 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND, BUILDINGS, and other infrastructure)

Subsequent to initial recognition, land, buildings, and other infrastructure assets are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Land is not depreciated as it is deemed to have an indefinite useful life.

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets *for state other method used, e.g. production-unit or diminishing balance method*. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	10-20	30.00
Roads and Paving	10-20	30.00
Pedestrian Malls	30.00	7.00
Electricity	25.00	7.00
Water	20.00	5.00
Sewerage	20.00	10.00
Community	30.00	7.00
Buildings	30.00	5.00
Recreational Facilities	10.00	5.00
Computer equipment		3.00

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

2.5 The municipality tests for impairment where there is an indication that an asset may be impaired. An item of Property, plant and equipment are derecognised when the asset is disposed of or when

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that

intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software
The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of an intangible asset's greater than its estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INVESTMENT PROPERTY

3.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or building) held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property for was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment property

3.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

4 NON-CURRENT ASSETS HELD FOR SALE

4.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

4.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

4 INVENTORIES

4.1 INITIAL RECOGNITION

inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

4.2 SUBSEQUENT MEASUREMENT

inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal change, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of current replacement cost is recognised as a reduction in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method OR the weighted average method.

5 FINANCIAL INSTRUMENTS

5.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

5.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAF Standard on financial instruments, is in accordance with IAS 39.

5.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

5.2.2 TRADE AND OTHER RECEIVABLES
Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

5.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial

6.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits).

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are

6 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

7 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

8 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

10 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the assets' fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the assets' useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

11 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

11 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, regular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

11 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

12 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by *the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs OR surveys of work done OR completion of a physical proportion of the contract work*.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

14 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

ULUNDI LOCAL MUNICIPALITY
Annual Financial Statements
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

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Note 2012 2011

1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Cash on hand	1 000
Cash at bank	916 567
Call deposits	129 853
	134 528
	497 667

Bank overdraft included in above

The Municipality has the following bank accounts: -

	1 047 420
	497 667

Current Account (Primary Bank Account)

First National Bank - Ulundi: 62035267609

Cash book balance at beginning of year	352 166
Cash book balance at end of year	(99 596)

Cash book balance at beginning of year

	911 567
	352 166

Bank statement balance at beginning of year

	324 211
	800 993

Bank statement balance at end of year

	461 917
	324 211

Current Account (Other Account)

First National Bank - Westville Branch: 6208925531

Cash book balance at beginning of year	-
Cash book balance at end of year	8 383

Bank statement balance at beginning of year

	-
	8 383

Bank statement balance at end of year

	-
	8 383

This account was opened to administer receipts and payments for

Current Account (Salaries)

First National Bank - Ulundi Branch: 62035363/846

Cash book balance at beginning of year	1 590
Cash book balance at end of year	9 650

Cash book balance at beginning of year

	5 000
	1 590

Bank statement balance at beginning of year

	1 590
	9 650

Bank statement balance at end of year

	5 000
	1 590

Credit Card account (Petrol purchases)

First National Bank - 8812710030007004

Short term deposits	129 853
Deposits on call with banks	134 528

Cash on hand

	1 000
	497 667

Total cash and cash equivalents

	1 047 420
	497 667

Total bank overdraft

Unutilised Conditional Grants must be ring fenced and separately invested. This was not implemented and amounts invested at year end were insufficient to cover the value of unspent conditional grants , as indicated hereunder:

Unutilised Conditional Grants	11 917 003
Amounts invested	269 853
Shortfall	4 941 509

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ULUNDI LOCAL MUNICIPALITY
Annual Financial Statements
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note
2012
2011

2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS				
	Gross Balances	Provision for Doubtful Debts	Net Balance	
Trade receivables as at 30 June 2011				
Service debtors	31 669 311	29 069 508	2 599 803	
Rates	68 857 744	62 538 024	6 319 720	
Total	100 527 055	91 607 532	8 919 523	
Other receivables				
Total Trade and other receivables as at 30 June 2011	100 527 055	91 607 532	8 919 523	
Service debtors	35 016 424	13 934 863	21 081 561	
Rates	69 058 393	17 727 510	51 330 883	
Total	104 074 817	31 662 373	72 412 444	
Other receivables				
Total Trade and other receivables	104 074 817	31 662 373	72 412 444	
Rates: Ageing				
Current (0 – 30 days)	2 085 022	1 845 872		
31 - 60 Days	1 619 504	1 417 924		
61 - 90 Days	1 331 995	1 315 144		
91 - 120 Days	1 283 199	1 313 988		
121 Days and over	62 538 024	63 165 464		
Total	68 857 744	69 058 392		
Electricity and other Ageing				
Current (0 – 30 days)	1 329 513	1 136 092		
31 - 60 Days	540 949	597 303		
61 - 90 Days	401 384	286 393		
91 - 120 Days	327 955	331 086		
121 Days and over	29 069 510	34 141 789		
Total	31 669 311	36 492 663		
Reconciliation of the doubtful debt provision				
Balance at beginning of the year	31 662 373	33 511 857		
Contributions to provision				
Adjustment for Debtors impairment				
Reversal of provision	61 141 873.00	(1 849 354)		
Balance at end of year	91 607 532	31 662 503		

The outstanding property rates balance included an amount of R 19 533 070 (2011 - R 17 727 510) in respect of the Ingonyama Trust Land. The recovery of these rates is uncertain and has been referred to Council to consider the write off thereof.

The provision for bad Debts relating to Rates , relates to the Land that was in the name of ITB , which is to be transferred back to the Municipality in terms the proclamation, therefore rates against these properties should have never been raised.

ULUNDI LOCAL MUNICIPALITY
Annual Financial Statements
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

41

Note 2012 2011

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2012, R 3 893 832- (2011: R 3 616 764-) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

31-60	2 160 453	2 015 227
61-90	1 733 379	1 601 537
	<u>3 893 832</u>	<u>3 616 764</u>

No government debts have been provided for in the above amount.

Trade and other receivables impaired

As of 30 June 2012, trade and other receivables of R 93 267 484 were impaired and provided for.

The ageing of these receivables is as follows:

Past due 3 months	1 659 950	1 645 074
Over 3 months past due	91 607 534	97 307 253
	<u>93 267 484</u>	<u>98 952 327</u>

The fair value of trade and other receivables approximates their carrying amounts.

4 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other debtors

Total Other Debtors
Less: Provision for Doubtful Debts

1 725 441	1 725 441
2 113 742	2 113 742
<u>1 725 441</u>	<u>857 452</u>
<u>1 256 290</u>	

ULUNDI LOCAL MUNICIPALITY
Annual Financial Statements
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 2012 2011

5 INVENTORIES

Consumable stores - at cost
Provision for write off

Closing balance of inventories:

1 222 024	1 486 308
(245 014)	(205 108)
977 010	1 281 200

6 PREPAYMENTS

Prepaid expenses

In the prior year insurance relating to following financial year, were paid in the current year.

279 244

7 INVESTMENTS

Financial Instruments
Call deposits

140 000

The New Republic Bank went into liquidation and was placed under curators. The value of this investment was written down to its estimated net realisable value in previous years as recommended by the Liquidators. In the current year this investment has been written off.

8 NON-CURRENT RECEIVABLES

Car loans

Less : Current portion transferred to current receivables

Car loans

Total

35 572	35 572
35 572	(35 572)
35 572	(35 572)

CAR LOANS

These loans have been discontinued in accordance with the provisions of the MFMA. This balance related to an amount due by a former employee, and has subsequently been written off.

ULUNDI LOCAL MUNICIPALITY									
Annual Financial Statements									
NOTES TO THE FINANCIAL STATEMENTS									
for the year ended 30 June 2012									
9 PROPERTY, PLANT AND EQUIPMENT									
	Buildings	Infrastructure	Community	Other Assets	Finance lease assets	Total			
Reconciliation of Carrying Value	R	R	R	R	R	R			
Carrying amount as at 01 July 2011	112 402 149	354 100 842	3 342 584	876 257	666 217	471 388 050			
Cost/Revaluation	136 619 926	863 164 815	3 724 967	12 409 109	1 622 727	1 017 741 544			
Restated Accumulated depreciation and impairment to	(24 417 777)	(509 063 973)	(382 383)	(11 532 852)	(956 510)	(546 353 494)			
Prior period error in accumulated depreciation	10 537 413	221 023 300	3 073	3 400 226	-	235 364 012			
Restated carrying amounts as at 01 July 2011	123 539 562	575 124 142	3 345 658	4 276 483	666 217	706 752 062			
Cost/Revaluation	136 619 926	863 164 815	3 724 967	12 409 109	1 622 727	1 017 741 544			
Accumulated depreciation and impairment losses	(13 430 364)	(288 040 673)	(379 309)	(8 132 626)	(956 510)	(310 989 482)			
Acquisitions	564 575	14 724 797		417 079		15 706 451			
Capital under Construction	1 041 041	11 793 116				12 834 157			
Depreciation	(8 234 993)	(146 682 187)	(207 332)	(1 554 051)	(208 636)	(156 907 199)			
Net revaluation decrease	(5 030 317)	(86 609 606)	(411 390)	-	-	(92 101 313)			
Revaluation adjustment to Value	(7 336 940)	(154 557 854)	(471 717)			(162 385 511)			
Revaluation adjustment to Accumulated Depreciation	2 276 623	67 948 248	60 327			70 284 198			
Carrying value of disposals	-	-	-	-	-	-			
Cost/Revaluation				(951 078)		(951 078)			
Accumulated depreciation and impairment losses				951 078		951 078			
as at 30 June 2012	111 609 668	368 350 262	2 726 936	3 139 511	457 581	486 284 158			
Cost/Revaluation	131 069 602	755 124 874	3 253 250	11 875 110	1 622 727	882 945 563			
Accumulated depreciation and impairment losses	(19 459 734)	(366 774 612)	(526 314)	(8 735 599)	(1 165 146)	(396 861 405)			
Refer to Appendix B for more detail on property, plant and equipment	App B/1A1								

ULUNDI LOCAL MUNICIPALITY						
NOTES TO THE FINANCIAL STATEMENTS						
for the year ended 30 June 2011						
	Buildings	Infrastructure	Community	Other Assets	Finance lease assets	Total
Reconciliation of Carrying Value	R	R	R	R	R	R
as at 1 July 2010	108 902 291	386 532 883	3 480 418	965 916	990 762	500 872 270
Cost/Revaluation	128 114 311	835 102 802	3 679 913	12 173 477	1 622 727	980 693 230
Accumulated depreciation and impairment losses	(19 212 020)	(448 569 919)	(199 495)	(11 207 561)	(631 965)	(479 820 960)
Acquisitions	-	70 401	-	235 632		306 033
Capital under Construction	8 705 615	27 991 612	45 054			36 742 281
Depreciation	(5 205 757)	(60 494 054)	(182 888)	(325 291)	(324 546)	(66 532 534)
as at 30 June 2011	112 402 149	364 100 842	3 342 584	876 257	666 217	471 388 050
Cost/Revaluation	136 819 926	863 164 815	3 724 967	12 409 109	1 622 727	1 017 741 544
Accumulated depreciation and impairment losses	(24 417 777)	(509 063 973)	(382 383)	(11 532 852)	(956 510)	(546 353 494)

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 2012 2011

10 INVESTMENT PROPERTY CARRIED AT FAIR VALUE

Reconciliation of carrying value

as at the beginning of the financial year	244 149 000	244 449 000
Revaluation of vacant land		
Sales recognised during the year ending 30 June 2011	(781 000)	(300 000)
as at 30 June 2012	243 368 000	244 149 000

The full listing was revalued, and ownership verified by Professional Valuers, Municipal Valuer, Martin Fitchet, BPG Mass Appraisals, and it has been confirmed that the revalued investment properties under the ownership of Ulundi Municipality amounted to R 243368000, the Market values of the current years finalised sales amounted to R 300,000

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 2012 2011

11 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors	34 601 453	21 102 718
Payments received in advance	3 724 519	7 464 058
Retentions	1 572 017	3 825 629
Staff leave accrual	4 208 318	3 802 323
Deposits other	327 591	212 940
Land Sales Suspense	5 243 892	3 195 093
VAT accrual	2 651 280	3 189 445
Other payables	210 000	
Total creditors	52 539 070	42 792 208

The fair value of trade and other payables approximates their carrying amounts.

12 CONSUMER DEPOSITS

Electricity	1 485 904	1 369 288
Total consumer deposits	1 485 904	1 369 288

13 VAT RECEIVABLE

VAT receivable	4 109 736	3 368 742
	4 109 736	3 368 742

SARS only once payment is received from debtors.
VAT is payable on the receipts basis. VAT is paid over to

14 PROVISIONS

Performance bonus	666 544	635 408
Total Provisions	666 544	635 408

Performance bonuses for Section 57 Employees were provided for as outlined in the "Performance Regulations" promulgated by the Department of Provincial and Local Government on the 1st August 2006.

The movement in current provisions are reconciled as follows: -

as at 1 July 2011	635 408	360 356
Contributions to provision	31 136	275 052
as at 30 June 2012	666 544	635 408

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 2012 2011

15 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent Conditional Grants from other spheres of Government 11 917 003 5 216 037

Total Unspent Conditional Grants and Receipts 11 917 003 5 216 037

See Note 31 for reconciliation of grants and receipts.
These amounts are invested in ring-fenced investment
until utilised.

Notes 15-6-11A291

16 ACCUMULATED SURPLUS

(Deficit) / Surplus for the year
Other accumulated surplus

(208 283 118)	494 131 568
(36 253 809)	412 029 691
448 283 500	
285 848 449	

Government Grant Reserve
Balance as at 30 June 2011 108 696 972

Capital grants used to finance Property, Plant, and Equipment
Offsetting of Depreciation
Transferred to Accumulated Surplus

(108 696 972)	
---------------	--

Balance as at 30 June 2012

Capitalisation Reserve

Balance as at 30 June 2010

Offsetting of Depreciation

Transferred to Accumulated Surplus

Balance as at 30 June 2011

7 672 587	(7 672 587)
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ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 2012 2011

17 BORROWINGS

Local Registered Stock Loans
Amnity Loans
DBSA

540 420	
540 420	
(540 420)	
(540 420)	

Less : Current portion transferred to current liabilities

Local Registered Stock Loans
DBSA

Other borrowings

Total borrowings

Refer to Appendix A for more detail on borrowings.

App A1/A1

18 FINANCE LEASE LIABILITY

Amounts payable under finance leases

Within one year

Within two to five years

270 031	285 948
285 948	0
555 979	285 948

Refer to Appendix A for more detail on Finance leases

App A1/A1

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 2012 2011

19 PROPERTY RATES

Actual		
Residential	5 936 633	5 502 373
Commercial	5 076 052	4 564 708
Agriculture	1 789 390	1 630 834
Heavy Industries		
State	10 503 212	9 691 502
Total property rates	23 305 287	21 389 417
Rates Rebates	2 528 520	2 845 497
Property rates - penalties imposed and collection charges	20 776 767	18 543 920
Total	28 794 388	26 409 574
Valuations		
Residential	515 589 000	522 186 001
Commercial	252 874 000	236 357 010
State	685 765 000	630 686 006
Agricultural	611 422 000	667 686 502
Non-Rateable	124 640 000	233 821 692
Municipal	2 190 290 000	2 190 747 211
Total Property Valuations		

Valuations on land and buildings are performed every four years. The latest valuation was completed on 1st January 2009, and came into effect on 1 July 2009.

A municipality must regularly, but at least once a year, update its valuation roll by causing-
(a) a supplementary valuation roll to be prepared, if section 78 applies, or
(b) the valuation roll to be amended, if section 79 applies.

78 Supplementary valuations

(1) A municipality must, whenever necessary, cause a supplementary valuation to be made in respect of any rateable property-
(a) incorrectly omitted from the valuation roll;
(b) included in a municipality after the last general valuation;
(c) subdivided or consolidated after the last general valuation.

LUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

	Note	2012	2011
20 SERVICE CHARGES			
Sale of electricity		32 109 618	32 516 513
Refuse removal		4 679 556	4 525 350
Other		2 213 727	579 143
Total Service Charges		<u>39 002 901</u>	<u>37 621 006</u>
21 RENTAL OF FACILITIES AND EQUIPMENT			
Rental of facilities		692 010	385 515
Rental of equipment		-	-
Other rentals		692 010	385 515
Total rentals		<u>692 010</u>	<u>385 515</u>
22 INTEREST EARNED - EXTERNAL INVESTMENTS			
Bank		113 542	413 739
Financial assets		-	-
Other		-	-
Total interest		<u>113 542</u>	<u>413 739</u>

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

Note 2012 2011

23 GOVERNMENT GRANTS AND SUBSIDIES

Equitable share	68 274 000	56 600 644
Other Government Grants and Subsidies	23 827 509	28 197 984
12 000		
Total Government Grant and Subsidies	92 101 509	84 810 628

23.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a 100 % monthly subsidy for rates which is funded from the grant.

68 274 000 56 600 644

23.2 MIG Grant

Balance unspent at beginning of year	22 011 000	18 300 000
Current year receipts	6 332 543	(3)
Debtor 2011	(20 522 167)	(24 632 540)
Conditions met - transferred to revenue	1 486 833	-

23.3 Other Government Grants and Subsidies

Balance unspent at beginning of year	5 216 037	9 421 515
Current year receipts	10 674 952	9 176 039
Conditions met - transferred to revenue	(5 462 818)	(13 381 518)
Conditions still to be met - remain liabilities	10 428 171	5 216 036

Notes 15-611A1

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note

2012

2011

24 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

Other income		
VAT Recovery - Projects funded from Grant	312 728	666 371
Contribution shared services	3 125 491	3 693 927
Total Other income	3 438 219	4 360 298

25 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	63 228 222	55 342 950
Employee related costs - Contributions for UIF, pensions and medical aids	36 742 096	34 453 684
Travel, motor car, accommodation, subsistence and other allowances	12 081 001	9 982 607
Housing benefits and allowances	3 926 669	3 072 771
Overtime payments	1 145 747	129 485
Performance and other bonuses	2 701 980	930 990
Other employee related costs	1 731 748	2 028 231
Employee Related Costs	58 467 193	50 697 768

There were no advances to employees / Loans to employees are set out in note 3.

Remuneration of the Municipal Manager	690 112	618 494
Annual Remuneration		
Performance- and other bonuses	64 667	124 266
Travel, motor car, accommodation, subsistence and other allowances	226 159	226 159
Contributions to UIF, Medical and Pension Funds	8 431	43 042
Total	989 370	1 011 962

Remuneration of the Chief Finance Officer	606 840	463 863
Annual Remuneration		
Performance- and other bonuses	55 429	93 199
Travel, motor car, accommodation, subsistence and other allowances	88 009	90 509
Contributions to UIF, Medical and Pension Funds	1 497	1 174 418
Total	751 776	764 980

Remuneration of the Manager Corporate Services	606 840	471 285
Annual Remuneration		
Performance- and other bonuses	55 429	93 199
Travel, motor car, accommodation, subsistence and other allowances	128 235	90 509
Contributions to UIF, Medical and Pension Funds	1 497	1 174 418
Total	792 002	772 412

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note		2012	2011
Remuneration of Individual Executive Directors	Community Services	606 840	535 190
	Protection Services	41 572	48 501
	Technical Services		
		157 500	149 742 688
Total		747 276	737 918
2012	Annual Remuneration	492 431	207 918
	Performance- and other bonuses	55 429	1 497
2011	Annual Remuneration	463 863	207 918
	Performance- and other bonuses	93 199	1 452
	Travel, motor car, accommodation, subsistence and other allowances	90 509	160 000
	Contributions to UJF, Medical and Pension Funds	764 990	665 840
Total		764 990	764 990
26 REMUNERATION OF COUNCILLORS			
	Executive Mayor	623 892	562 859
	Speaker	482 231	532 685
	Executive Committee Members	292 059	463 023
	Councillors	1 541 785	1 054 028
	Councillors' Contributions Skills Development	7 503 480	6 468 389
	Councillors' allowances	10 443 449	9 080 984
Total Councillors' Remuneration		10 443 449	9 080 984
In-kind Benefits			
The Executive Mayor, Deputy Mayor, Speaker and Executive Committee Members are provided with an office and secretarial support at the cost of the Council.			
27 DEPRECIATION AND AMORTISATION EXPENSE			
	Depreciation - Finance lease assets	156 698 563	66 207 989
	Depreciation - plant and equipment	208 636	324 545
Total Depreciation and Amortisation		156 907 199	66 532 535
28 FINANCE COSTS			
	External interest	34 270	37 903
	Finance lease interest	36 802	69 018
Total interest paid		71 072	106 921
The interest paid amount as disclosed relates to accrued interest on the DBSA Loan.			
29 BULK PURCHASES			
	Electricity	44 916 039	33 897 823
	Total Bulk Purchases	44 916 039	33 897 823
30 CONTRACTED SERVICES			
	Contracted services for:		
	Hire of equipment	888 175,61	945 098
	Hire of vehicles	4 091 797 01	3 544 874
	Professional fees	5 106 634,44	2 768 839
	Private Security Service	2 191 312,73	4 141 770
	Refuse Removal contracts	5 305 390,82	804 610
	Software and licenses	249 278,48	118 427
	Grant expenditure- MPRA	34 298,25	447 772
	Grant expenditure - MSIG	1 149 226,13	2 073 715
	Grant expenditure - MAP	560 000,00	56 010
	Grant expenditure - Cornitor development	100 389,86	
	Grant expenditure- Sector plan		
		20 717 637	16 503 250

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

Note 2012 2011

31 GENERAL EXPENSES
Included in general expenses are the following:-

Accommodation	625 896	278 574	316 897
Advertising	205 414		
Admin fees paid	660 735		
Admin fees recovered	(554 036)		
Amunition	1 180	79 282	998
Arts and Culture	2 167 016	1 284 453	1 284 453
Audit fees - External	129 509	695 564	695 564
Audit fees - Internal	338 715	430 271	430 271
Bank charges	128 449	163 309	163 309
Cash handling fee	1 866	800	859
Cash shortages			
Children holiday programme	8 919	420 660	
Civic entertainment	631 096		
Commission : Sale pre-paid Electricity	31 758	26 665	20 700
Conferences fees			80 645
Decorations	73 438	497 277	16 637
Delivery - Consumer accounts	397 729	342 742	111 727
Disaster relief			2 482
Entertainment / Refreshments	111 727		35
Expendable tools			573 182
Fertilizer & Compost	2 482	350 000	350 000
Fixed asset register			35 249
Fuel and oil - machinery	573 182	188 086	67 589
Free Basic Services - Electricity			1 085 877
Fruitless and wasteful expenses	1 406 790		
Grant : FMG	23 940		
Grant : LUMS	50 000		
Grant : MAP	225 370		
Grant : Skills Development	87 928		
Grant : Tourism	51 978	84 746	
Hire of offices	96 763	299 012	
HIV/AIDS Projects	44 500		
Housing Grant Expenditure	190 222	201 751	
IDP projects	937 341	133 993	
Indigent burial	76 988		
Indigent relief	296 375	541 372	
Insurance	62 576		
Infrastructure Fixed asset project	439 384	314 361	
Legal expenses	19 866	34 855	
LED projects	799	37 395	
Library material	15 388	17 694	
License fees	560 104	460 691	
Local mayoral sports cup		6 623	
Lost/Damaged library books	238 783	926 148	
Mayoral functions	7 883	4 935	
Medical examination fees	279 835	255 110	
Membership fees	1 495	7 437	
Official photographs	9 982		
Periodicals	1 203 222	1 281 951	
Printing and stationery	115 284	178 208	
Projects tourism	96		
Programming	131 519	148 884	
Promotional material	79 739	270 628	
Publicity	51 071	378 540	
Quality Special projects/Grazing cutting	463 948	250 006	
Refuse bags	568		
Refuse receptacles	36 666	97 170	
Repealer licence fee			
Small office equipment	478		
Small tools	8 084	12 232	
Stamps and postage	150 113	375 649	
Stocks and material	39 906	143 028	
Stores shortages	(25 212)	(29 306)	
Study aid - Staff		116 006	
Sundries	1 837 088	1 136 178	
Telephone cost	221 172	221 172	
Training	238 650	1 392 476	
Transport	1 869 181	500 455	
Travel and subsistence	380 279	14 481	
Trees and shrubs	628 952	145 550	
Uniforms & overalls	3 509	168 871	
Valuation costs	40 152	292 418	
Ward committees	519 257	719 487	
Water charges	210 651	885	
WCC			
Weed killer programme	4 560	15 850	
Weed killers and insecticides	100 000		
Youth Affairs			
Other	18 937 285	18 489 181	

LUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 2011 2012

32 GAIN / (LOSS) ON SALE OF ASSETS	159 842	125 614
Investment property	9 800	569 455
Vehicles & Other Moveables	209 642	695 069
Total Gain / (Loss) on Sale of Assets	1 849 354	1 196 715
33 CHANGE IN ACCOUNTING ESTIMATE	1 849 354	1 196 715
Reduction in the provision for doubtful debts	1 849 354	1 196 715
Total	1 849 354	1 196 715

34 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT

Investment property carried at fair value

Total Profit / (Loss) on Fair Value Adjustment

35 CASH GENERATED BY OPERATIONS

(Deficit) / Surplus for the year

Adjustment for:-

Prior year

Depreciation and amortisation

(Gain) / loss on sale of assets

Doubtful debt provision written back

Contributions to provisions - current

Housing grants received/ Expenditure

Finance costs

Interest earned

Fair value adjustments

Operating surplus before working capital changes:

(Increase)/decrease in inventories

(Increase)/decrease in trade receivables

(Increase)/decrease in other receivables

(Increase)/decrease in trade payables

(Increase)/decrease in VAT receivable

(Increase)/decrease in VAT payable

(Increase)/decrease in conditional grants and receipts

Other liability

Cash generated by/(utilised in) operations

36 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow

statement comprise the following:

Bank balances and cash

Bank overdrafts

Net cash and cash equivalents (net of bank overdrafts)

497 667	1 047 420
497 667	1 047 420

(208 283 118)	(36 253 809)
(339 283)	66 532 535
(209 642)	156 907 199
(1 849 354)	(1 476 069)
71 072	(1 196 714)
37 903	(113 542)
(413 739)	(54 091 172)
27 504 610	304 190
(229 867)	3 547 762
(6 809 982)	35 572
11 581	279 244
275 052	31 136
(2 641 527)	(740 894)
(4 205 477)	6 700 965
24 192 916	10 011 397
34 421 687	(33 921 899)

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

Note

2012

2011

37 UNAUTHORISED, IRREGULAR, FRUITLESS AND
WASTEFUL EXPENDITURE DISALLOWED

37.1 Fruitless and wasteful expenditure

Reconciliation of unauthorised fruitless and wasteful expenditure

Opening balance	7 840 961	7 676 126
Unauthorised fruitless and wasteful expenditure current year	917 798	164 835
Approved by Council or condoned		
Transfer to receivables for recovery		
Unauthorised fruitless and wasteful expenditure awaiting authorisation	8 758 759	7 840 961

37.2 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	943 311	943 311
Irregular expenditure current year		
Condoned or written off by Council		
Transfer to receivables for recovery – not condoned		
Irregular expenditure awaiting condonement		
Unauthorised expenditure	-	943 311

Reconciliation of unauthorised expenditure

Opening balance	4 362 887	
Unauthorised expenditure current year		
Depreciation		
Bulk purchases		
Employee costs		
Contracted services		
Approved by Council or condoned		
Transfer to receivables for recovery		
Unauthorised expenditure awaiting authorisation	7 505 896	4 362 887

38 ADDITIONAL DISCLOSURES IN TERMS OF
MUNICIPAL FINANCE MANAGEMENT ACT

38.1 Contributions to organised local government

Opening balance	(279 244)	(255 110)
Council subscriptions	279 244	255 110
Amount paid - current		
Amount paid - previous years		
Balance unpaid (included in payables)	-	-

38.2 Audit fees

Opening balance	(2 167 016)	(1 284 453)
Current year audit fee		
Amount paid - current year	2 167 016	1 284 453
Amount paid - previous years		
Balance unpaid (included in payables)	-	-

38.3 VAT

Opening balance
VAT due to SARS : Letter of Assessment - 2007 and 2008 periods
Revised opening balance
Current year output VAT
Current year input VAT
Amount paid current year
Amount refunded by SARS - current
Amount due by SARS
VAT receivables and payables are shown in note 12. All
VAT returns have been submitted by the due date
throughout the year.

727 215	3 368 742	
(339 283)		
387 932		
(5 650 287)		
(5 236 395)		
15 465 474		
111 620		
(9 192 023)		
(5 286 974)		
4 109 736		
3 368 742		

38.4 PAYE and UIF

Opening balance
Current year payroll deductions
Amount paid - current year
Amount paid - previous years
Balance unpaid (included in payables)

6 331 640	8 423 800	
(6 331 640)		
0		
0		

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

Note 2012 2011

38.5 Pension and Medical Aid Deductions

Opening balance

Current year payroll deductions and Council Contributions

Amount paid - current year

Amount paid - previous years

Balance unpaid (included in payables)

38.6 Councilor's arrear consumer accounts

The following Councilors had arrear accounts outstanding for more than 90 days as at -

as at 30 June 2012

F. L. Buthelezi

Total Councilor Arrear Consumer Accounts

17 437 110	15 692 156
(17 437 110)	(15 692 156)
(0)	(0)
Total	
Outstanding less than 90 days	Outstanding more than 90 days
8 709	8 709
8 709	8 709

39 CAPITAL COMMITMENTS
39.1 Commitments in respect of capital expenditure

	Approved and contracted for		Approved but not yet contracted for	
	Infrastructure	Community	Infrastructure	Community
Heritage				
Other				
Total	34 782 000	22 010 053	1 195 914	2 231 808
This expenditure will be financed from:				
	34 782 000	22 010 053	1 195 914	2 231 808
- External Loans				
- Government Grants				
- Own resources				
- District Council Grants				
Total	34 782 000	22 010 053	1 195 914	2 231 808

34 782 000	22 010 053
1 195 914	2 231 808
35 957 914	32 241 861

39.2 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

	Within one year	Greater than one year	Total
Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable	2 975 655	2 688 789	5 664 444
			-

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 2012 2011

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40 PENSION FUND INFORMATION

40.1 Defined contribution plan

Certain Councilors and employees belong to defined benefit retirement funds administered by the Natal Joint Municipal Pension Fund. These funds are subject to a triennial actuarial valuation. The last valuation was performed in 2009.

41.2 Retirement Fund

The Fund's Actuary confirmed that, at the valuation date, the Memorandum account was fully funded - the Fund's liabilities for members exceeded the value of the assets, however, it was anticipated that the surcharge of 17 % of pensionable salaries, which currently applies, will enable the shortfall to be eliminated by July 2010.

CERTIFICATE AS ISSUED BY VALUATOR ACTUARY
We have reconciled the valuation data with the financial statements and performed a number of reasonableness tests to verify the correctness of the data. I am satisfied with the accuracy of the data for purposes of this valuation.

I am satisfied that the asset composition on the valuation date is appropriate to the nature of the liabilities.

The Fund self-insures its risk benefits. The lump sum element of these benefits is relatively small, with the major element comprising of annuity payments. I am satisfied that the self-insurance arrangement is appropriate for the Fund.

At the valuation date:

The Memorandum Account in respect of pensioners was fully funded;

Based on the valuation assumptions that applied in 2009, the Fund was fully funded.

However, based on the revised assumptions, the Fund's liabilities for the Members exceeded the value of the assets and an extension of the surcharge for another 5 years will be necessary to return the funding level of the Fund to 100%.

The position will be reviewed at the next interim valuation of the Fund as at 31 March 2010.

AR ELS (FASSA FIA) S HEYNEKE (FASSA FIA)

VALUATOR ACTUARY

In my capacity as valuator to the Fund and as an in my capacity as actuary and as an employee of Arthur Els & Associates employee of Arthur Els & Associates

02-Dec-09

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 2012 2011

41 CONTINGENT LIABILITY

41.1 Claim for damages

The following matters are currently on the roll of the high court and as at balance sheet date the following amounts represent possible liabilities, they are an estimate from the Municipality's attorneys.

D.N. Nzimande on behalf of S.E. Nzimande vs Ulundi Municipality	6 000 000	2 300 000
G.M. Zondo on behalf of L.Z. Zondo vs Ulundi Municipality	3 000 000	100 000

The Municipality is being sued by these ratepayers for damages arising from incidents relating to electric shock injuries sustained.

9 000 000	2 400 000
-----------	-----------

Municipality is being sued. The basis of the action is that the Municipality failed to take delivery of motor vehicles that they ordered in terms of a tender process. The Municipality is alleging that the motor vehicles were returned, after the service provider failed to adhere to the specifications and a notice of cancellation was given. The arbitrator will find that the Municipality will have to pay the full amount outstanding together with costs. This will be estimated to be R500 000-00. (the claim plus costs)

500 000	20 500 000
600 000	3 000 000

42 RELATED PARTIES

Compensation paid to members of key management

--	--

Compensation paid to councillors

--	--

There were no related party transactions during the 2010/2011 financial year.

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Note 2012 2011

43 EVENTS AFTER THE REPORTING DATE

There have been no events after the reporting date that require disclosure.

44 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

No areas have involved a significant degree of estimation, uncertainty or judgements made by management in applying the municipality's accounting policies and that have a material and significant effect on the amounts recognised in the financial statements.

45 DISTRIBUTION LOSSES

The municipality incurred distribution losses on Electricity amounting to approximately 34 255007,70 units for the year ending 30 June 2012. This loss amounted to approximately . These losses are calculated as the difference between power supplies purchased and sales recorded.

Number of consumers (Residential and Commercial)
Units purchased (kwh)
Units sold (total)
Units lost in distribution
% Lost in distribution
Average Cost per unit purchased
TOTAL COST OF DISTRIBUTION LOSSES

79 267 728	75 574 919
44 012 720	44 749 682
34 255 008	30 825 237
43,21%	40,79%
R 0,4486	R 0,4486
R 15 366 796	R 13 829 513

46 RISK MANAGEMENT

46.1 Maximum credit risk exposure

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or consumer contract, leading to financial loss. The municipality is exposed to credit risk from its operating activities(primarily for trade receivables

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assess

Credit risk from balances with banks and financial institutions is managed by the municipality's finance and management committee in accordance with the municipality's policy. Investments of surplus funds are made only with approved counterparties and with

Counterparty credit facilities are reviewed by MANCO on an annual basis, and may be updated throughout the year subject to approval by EXCO.

Financial assets exposed to credit risk at year end were as follows:

First National Bank Call Investments

129 853	134 528
---------	---------

These balances represent the maximum exposure to credit risk.

Note 2012 2011

46.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

46.3 GOING CONCERN

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

Immediate indication of going concern problems include: Cash book overdraft; Unspent conditional grants and consumer deposits not cash backed; disclosed operating deficit; and over spend on budget.

The physical bank account never went into overdraft, the unrepresented cheques, were subsequently covered by deposits.

As disclosed in note 1, the unspent grants and consumer deposits were not cash backed. The main reason for this was due to collection challenges experienced with a number of major clients, and legal proceedings have been commenced on collection.

Unspent Grants balance 5 216 036
Consumer Deposits - Electricity 1 495 904

13 402 906 6 585 324

The municipality has adopted a cash flow turnaround strategy which included amongst other things:

Development and implementation of a cash flow management policy, which includes the creation of a cash flow management committee, chaired by the municipal manager, this committee sits every Friday of each week. The mayor and deputy also sits in this committee for oversight

The municipality has engaged the TTC Transunion to assist with the cleansing of debtors and updating contact details of the debtors. This will assist in arriving at a reliable provision for bad debts

The municipality has also centralised expenditure prioritisation to the cash flow management committee where upon the expenditure is scrutinised before it is incurred.

The municipality has also established an adhoc electricity disconnections and meter auditing committee, chaired by the deputy CFO, this committee sits every Monday. This is done to enhance revenue collection and additional six meter auditors including the liaison officer has been appointed to fast track the disconnections and meter auditing.

The municipality has appointed an expert in electrical engineering to investigate the commercial conventional meters in the CBD areas. This will address the standardisation of the types of meters installed and ensure that the meters billed correctly.

The municipality is in negotiation with ESKOM with a view to transfer industrial customers to the municipality with a view to enhance municipal revenue

NERSA has approved that the municipality charges low and high demand charges to its commercial customers which going to reduce the seasonal high demand charge by ESKOM, however the timing difference between the start of our financial year and that of ESKOM still remains a challenge.

46.4 Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

47 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2)

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

Note 2011

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48 Correction of prior period error
Financial Statements

During the current financial year, the Municipality corrected errors in the previous year's financial statements. The comparative amounts have been appropriately restated as follows:

Statement of Financial Performance	50 597 768
Employee related costs previously disclosed	492 272
Adjustment - these costs previously understated	51 090 040
Government grants and subsidies previously disclosed	91 143 172
Adjustment - MlG overstated	-6 332 543
Revised Government Grants and Subsidies	84 810 629

Statement of Financial Position	7 682 267
Other receivables from non-exchange transactions - previously disclosed	492 272
Adjustment - MlG overstated	-6 332 543
Revised - Other receivables from non-exchange transactions	857 452

Opening Accumulated Depreciation - previously disclosed	-546 353 494
Adjustment - incorrect useful life used in calculating prior years depreciation	235 364 012
Revised - Opening Accumulated Depreciation	-310 989 482

Accumulated Surplus - previously disclosed	412 029 668
Adjustment - employee costs previously understated	-492 272
Adjustment - MlG overstated	-6 332 543
Adjustment to opening Accumulated Depreciation	235 364 012
	640 568 885

In prior years an error was made in calculation of depreciation resulting in opening accumulated depreciation being misstated. A revaluation was made on 30 June 2009 and the calculation of depreciation was still based on the original useful life instead of being calculated on remaining useful life. It is not possible to fully account for the correction of this error retrospectively as the annual effect on 2010 and 2011 cannot be determined. Consequently the error has been corrected retrospectively from the beginning of the 2012 financial period with an adjustment of R235,364,012 against opening balance of accumulated surplus.

49 ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2012

	Actual	Budget	Variance
REVENUE			
Property rates	11 730 000	20 776 767	9 046 767
Rates penalties and collection charges	900 000	8 017 621	7 117 621
Service charges	63 019 500	39 002 901	(24 016 599)
Rental of facilities and equipment	710 000	692 010	(17 990)
Interest earned - external investments		113 542	113 542
Fines	5 302 500	1 393 471	(3 909 029)
Licences and permits		2 282 460	2 282 460
Government grants and subsidies	101 313 000	92 101 509	(9 211 491)
Other income		3 438 219	3 438 219
Gain on disposal of property, plant and equipment	3 700 000	695 069	(3 004 931)
Change in Accounting estimate		1 196 715	1 196 715
Total Revenue	186 675 000	169 700 284	(16 974 716)
EXPENDITURE			
Employee related costs	55 324 184	56 467 193	1 143 009
Remuneration of Councilors	10 212 956	774 475	(9 438 481)
Provision for Bad debts		61 141 873	61 141 873
Depreciation		158 907 189	158 907 189
Repairs and maintenance	9 507 450	5 672 567	(3 834 883)
Interest paid		71 072	71 072
Bulk purchases	47 650 000	44 916 038	(2 733 961)
Contracted services	43 226 695	20 516 455	(22 710 240)
General expenses	29 264 875	19 802 186	(9 462 689)
Total Expenditure	195 166 160	378 164 508	162 978 348
Surplus (Deficit) for the year	(8 511 160)	(208 464 224)	(199 953 064)

ULUNDI LOCAL MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2012

EXTERNAL LOANS

Balance at 30 June 2011	Redeemed / written off during the period	Capital Balance at 30 June 2012
-------------------------	--	---------------------------------

LONG-TERM LOANS

Development Bank

540 420

540 420

-

TOTAL EXTERNAL LOANS

540 420

540 420

-

FINANCE LEASE LIABILITY

Capital Balance 30 June 2011	Capital reduction during the year	Interest paid for the year	Capital Balance at 30 June 2012
------------------------------	-----------------------------------	----------------------------	---------------------------------

NKU 3923	50 975	29 667	3 384	21 308
NKU 3495	15 396	15 396	290	0
NKU 3570	99 111	33 828	7 418	65 283
NKU 4383	70 248	40 883	4 663	29 365
NKU 4716	207 090	57 422	16 308	149 668
NKU 4250	58 337	38 013	3 708	20 324
NKU 1238	12 015	12 015	226	0
NKU 2580	12 015	12 015	226	0
NKU 3718	15 396	15 396	290	0
NKU 3719	15 396	15 396	290	0

TOTAL

555 979

270 031

36 802

285 948

ULUNDI LOCAL MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2011

Cost / Revaluation				Accumulated Depreciation						
	Opening Balance R	Additions R	Disposals R	Under Construction R	Closing Balance R	Opening Balance R	Depreciation R	Disposals R	Closing Balance R	Carrying Value R
Buildings	128 114 311			8 705 615	136 819 926	(19 212 020)	(5 206 757)		(24 417 777)	112 402 149
Infrastructure										
Roads	646 177 207			19 285 034	665 462 241	(344 481 881)	(51 070 922)		(395 552 803)	269 909 438
Sewerage Mains & Purific	98 282				98 282	(98 282)			(98 282)	-
Electricity Mains	188 551 209	70 401		8 706 578	197 328 188	(103 855 966)	(3 363 709)		(112 219 675)	85 108 513
Electricity Peak Load Equi	242 520				242 520	(129 812)			(129 812)	112 708
Storm Water	33 584				33 584	(3 978)	(1 056 423)		(1 063 401)	(1 029 817)
Under construction										
	836 102 802	70 401	-	27 991 612	863 164 815	(448 569 919)	(60 494 054)	-	(509 063 973)	354 100 842
Community Assets										
Cemeteries	3 679 913			45 054	3 724 967	(199 495)	(182 888)		(382 383)	3 342 584
	3 679 913	-	-	45 054	3 724 967	(199 495)	(182 888)	-	(382 383)	3 342 584
Other Assets										
Office Equipment	-				-	-			-	-
Furniture & Fittings	2 191 991	158 448			2 350 439	(1 984 634)	(44 502)		(2 029 136)	321 303
Bins and Containers	-				-	-			-	-
Machinery Equipment	3 647 924	49 809			3 697 733	(3 570 521)	(24 235)		(3 594 757)	102 976
Motor vehicles	3 276 680				3 276 680	(3 276 360)			(3 276 360)	320
Fire engines	-				-	-			-	-
Refuse tankers	-				-	-			-	-
Computer Equipment	3 056 862	27 375			3 084 257	(2 376 046)	(252 808)		(2 628 654)	455 602
Other Assets	-				-	-	(144)		(144)	(144)
							(3 801)		(3 801)	(3 801)
	12 173 477	235 632	-	-	12 409 109	(11 207 561)	(325 291)	-	(11 532 852)	876 257
Finance Lease Assets										
Office Equipment										
Other Assets	-	-	-	-	1 622 727	-	-	-	(956 510)	666 217
Total	979 070 503	306 032	-	36 742 281	1 017 741 544	(479 188 995)	(66 207 989)	-	(546 353 494)	471 388 050

ULUNDI LOCAL MUNICIPALITY
APPENDIX B

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation						
	Opening Balance R	Revaluation Adjustment	Additions R	Disposals R	Under Construction R	Closing Balance R	Opening Balance R	Revaluation Adjustment	Depreciation R	Disposals R	Closing Balance R	Carrying Value R
Buildings	136 637 872	(7 365 940)	564 462		1 041 041	130 887 435	(13 298 310)	2 275 623	(8 254 993)	113	(19 277 567)	111 609 868
Infrastructure												
Roads	665 462 241	(141 360 223)	6 014 123		11 793 116	541 909 257	(244 108 744)	62 331 340	(123 326 236)		(305 103 642)	236 805 615
Sewerage Mains & Purifice	98 282					98 282	(39 313)		(19 656)		(58 969)	39 313
Electricity Mains	197 257 788	(13 170 720)	8 710 674			192 797 742	(43 781 329)	5 612 912	(23 315 850)		(61 494 267)	131 313 475
Electricity Peak Load Equi	242 520	(21 827)				220 693	(36 837)	3 324	(18 489)		(52 081)	168 612
Storm Water	33 564	(5 084)				28 500	(3 950)	672	(1 975)		(5 253)	23 247
Under construction												
Community Assets	863 094 415	(154 567 854)	14 724 797	-	11 793 116	735 054 474	(287 970 273)	67 948 248	(146 682 187)	-	(366 704 212)	368 350 262
Cemeteries	3 724 967	(471 717)				3 253 250	(379 309)	60 327	(207 332)		(526 314)	2 726 936
Other Assets	3 724 967	(471 717)	-	-	-	3 253 250	(379 309)	60 327	(207 332)	-	(526 314)	2 726 936
Office Equipment												
Furniture & Fittings	1 833 578		76 846	(23 851)		1 889 573	(747 685)		(422 430)	23 851	(1 146 264)	743 309
Bins and Containers												
Machinery Equipment	3 672 137		125 000	(526 316)		3 267 821	(2 094 282)		(798 367)	526 316	(2 366 343)	901 478
Motor vehicles	3 276 680			(400 911)		2 875 769	(2 861 630)		(240)	400 911	(2 460 959)	414 810
Fire engines	-											
Refuse tankers												
Computer Equipment	3 084 257		216 377			3 299 634	(1 866 706)		(333 014)		(2 219 720)	1 079 914
Other Assets	-					-	144				144	-
Finance Lease Assets	11 866 652	-	417 223	(951 078)	-	11 332 797	(7 590 169)	-	(1 554 051)	951 078	(8 193 142)	3 139 511
Office Equipment												
Other Assets	1 622 727					1 622 727	(956 510)		(208 636)		(1 165 146)	457 581
	1 622 727	-	-	-	-	1 622 727	(956 510)	-	(208 636)	-	(1 165 146)	457 581
Total	1 016 946 633	(162 386 511)	15 706 482	(951 078)	12 834 157	882 150 683	(310 194 571)	70 284 198	(156 907 199)	951 191	(395 866 381)	486 284 158

- 5.3 Discuss and approve the assumptions used to prepare projections and ensure that these are practical, relevant and reliable for the municipality.
- 5.4 Discuss with management the possibility of any cash shortfalls as per the cash flow statement.
- 5.5 Engage a process to prioritise expenditure;
- 5.6 Discuss with management the value of unspent conditional grants. Where the unspent portion of the conditional grants is not covered by investments, ensure that management provides for the transfer of cash progressively until the full amount is ring fenced and invested;
- 5.7 Discuss the debtors ageing and ensure that the debtors collection policy has been enforced;
- 5.8 Ensure that the reporting in terms of S71 of the MFMA has been complied with;
- 5.9 Ensure that all the Executive and Finance Committees' cashflow management strategies are implemented and monitored.

6. AUTHORITY

The Committee has-

- 6.1 The right to have access to any information and documentation to fulfil its mandate.
- 6.2 The right to seek independent advice at Ulundi Local Municipality's expense.
- 6.3 The right to investigate matters within its mandate.
- 6.4 Through the Chairperson, direct access to the Internal and External Auditors.
- 6.5 The right to consult with, and receive the full co-operation of, any employee where necessary to fulfil its responsibilities.
- 6.6 The powers of the Committee shall not be discharged in such a way that there is infringement of any legal municipal financial provision.

7. REPORTING RESPONSIBILITIES

- 7.1 The Committee reports to the Ulundi Municipal Executive and Finance Committee.
- 7.2 Minutes of the meetings of the Committee must be submitted to the Ulundi Municipal Executive and Finance Committee.
- 7.3 The Chairperson, alternatively a member delegated by the Chairperson, shall be present at the Ulundi Municipal Council Meeting to answer any questions relating to Cash Flow Management.

8. PERFORMANCE MANAGEMENT

- 8.1 The Cashflow Management Committee shall annually review and reassess the adequacy of this Policy annually and recommend any proposed changes to the terms hereof or Committee structure for approval by the Executive and Finance Committee.

2011/2012 ANNUAL PERFORMANCE REPORT

3.

2011/2012 FINANCIAL YEAR

ANNUAL PERFORMANCE REPORT



"The City of Heritage"

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FOREWORD BY THE MAYOR

It is indeed a singular honour and privilege to once again write a covering note to the Annual Performance Report for the financial year 2011/2012. As Chairperson of the Executive and Finance Committee I take pride in being the person to briefly narrate the summary outlining the Ulundi perspective to provide governance to the destitute communities of Ulundi, the latter being a low tax base area, an area that is far flung and geographically removed from the mainstream economic concentrated area. Therefore whatever successes the municipality records come at a painstaking effort.

I wish to begin by extending a word of appreciation to my all colleagues at Council for making it possible for me to guide the executive to decide on delegated matters and to formulate recommendations for Council's consideration knowing that the kind of Council that Ulundi Local Municipality has is the thorough Council that leaves no stone unturned.

I wish to also extend appreciation to my colleagues in the opposition benches. Yes opposition party politics is a challenging environment. And yes in 2011/2012 matters of discussion were fiercely debated; to such an extent that sometimes one realized that matters were personalized and in other instances they were taken too far. This is the characteristic of our beautiful country, South Africa. Democracy is not about using a majority to dominate and oppress the opposition; it is about extending criticism that is constructive and receiving this criticism without personalizing matters.

2011/2012 was no different in so far as governance is concerned. I wish to salute the colleagues and therefore the electorate for exercising a democratic principle of voting the kind of Council that does not abuse power by forcing matters down the throats of the administration, notwithstanding a legitimate advice provided. It takes personal experience to appreciate the level of heat of being a politician that plies the trade in local government. Matters become worse where there are cash flow challenges, because the community that is governed is by and large relatively moderate financially speaking.

I however wish to salute the populace of Ulundi for giving support to the municipality. Yes there are community members who over the years are proving to be irresponsible through not wanting to pay for services received. In this regard I wish to lament on the factors that contributed to stringing cash flow moments within the financial year. The first problem that created hardships was Eskom invoices. The rationale behind the Electricity Supply Agreement between a municipality and Eskom is that a municipality provides this service on behalf of Eskom to realize a profit in order to have cash to provide more services. However year in year out leading to the year under review the municipality of Ulundi due to a number of factors, a few of which being the ever soaring electricity buying price from Eskom, the ageing infrastructure that requires constant maintenance, tempering by some unscrupulous consumers, business conventional meters whose operation does not auger well for profit and other factors, perpetually experienced cash hardships. As a matter of fact, in the aftermath of the approval of a seasonal charge and block tariffs by NERSA to allow the municipality to recover financially from 2012/2013 going forward, one is cautiously optimistic that maybe there shall be a break-even point in the near future.

I wish to furthermore add weight to a historical call of renewal of the Equitable Share formulae to enable the smaller municipalities to receive more from the fiscus, so that more is done to facilitate parity in the coming years.

There are many factors to contend with and these are known. But it is through decent effort and co-operation between the administration, the politicians and to a considerable extent the community that despite challenges, Ulundi Municipality is currently debt free and as evident in the 2010/2011 audit, the executive and legislative functions are being fulfilled and there is compliance with the international accounting standards. For this I thank the Municipal Manager, Princess SA Buthelezi and her Management. The other positive matter is that Ulundi Municipality is fraud and corruption free. The minor instances where perhaps junior staff members commit minimal unethical conducts are thoroughly dealt with in terms of section 32 of the MFMA.

I therefore thank the managers for performing yet again under extremely difficult conditions. I thank the Office of the Auditor General for fulfilling its mandate so well, I thank COGTA for a continued support and guidance and Treasury for assistance.

The financial year 2011/2012 has come and gone, we look forward to 2012/2013 with hope and commitment that we shall continue to build the infrastructure as we continue to do, we shall provide the service we provide, we shall continue to subsidize the Eskom rural customers, we shall continue implementing housing projects, we shall continue to provide law enforcement and driving licenses, a clean environment, prompt responses to questions and complaints, after hour emergency service within our capacity, we strive to maintain a decent quality of life for the ratepayers, where we faltered in 2011/2012 we shall overcome going forward.

I thank you.

CLLR N.J. MANANA
MAYOR OF ULUNDI

I also wish to state a few words to introduce this Annual Performance Report for the financial year 2011/2012. By design the Performance Management System is a modern tool that is deeply entrenched in the legislation of the Republic of South Africa to ensure that practitioners in Local Government operate in a transparent and accountable manner, where milestones and objectives are understood by not only the actors hereof but the community as well as the COGTA and the Auditor-General.

This report comes at the end of many facets of reporting that I as the Accounting Officer undertook to comply with monthly, quarterly and now annually. In this regard in order to understand the gist of what was undertaken, reportable matters, the timelines and the general framework I hereby refer a reader hereof to the Organisational Performance Management System proposed by me and approved by Council for 2011/2012. This document reads better in conjunction with the Integrated Development Plan and the CAPEX and OPEX Budgets for the same period. The essence this linkage is simple;

- Firstly the Community through visits to wards that happened for the year under review leading to the strategic document or the Integrated Development Plan, which contains the aspirations, projects and programmes thereof was approved by Council
- Secondly Council approved the budget that funds certain programmes that are contained in the IDP, and
- Thirdly Council approved the Organisational Performance Management System

The OPMs then regulates that there shall be individual contracts between the Mayor and the Municipal Manager and between the Municipal Manager and the Heads of Departments. Furthermore once these Performance Agreements are in place for the financial year, the Performance Plans are concurrently concluded. The above process is in keeping with Chapter 6 of the MSA, Act No. 32 of 2000, as amended (Act No. 7 of 2011 applies strictly herein). Furthermore the procedure outlined in the Municipal Performance Planning Regulations applies in formulating objectives and key performance indicators.

The above picture would be incomplete if one omits the Service Delivery and Budget Implementation Plan also approved by the Mayor for this period. This SDBIP is in compliance with Circular No. 13 promulgated on 31 January 2005 in terms of the MfMA, Act No. 56 of 2003. This SDBIP is also concluded between the Mayor and the Municipal Manager and between the Municipal Manager and Heads of Departments. The defining difference between the above plan and the latter is that in the latter divides work into quarterly projections. The assessments that also underpin the appraisal of performance as espoused in legislation is carried out in terms of

the Local Government Municipal Performance Regulations of 2006, in terms of which assessments in regards to the first and the third quarters are normally verbal, unless there is underperformance that needs to be recorded for correction, while the second and the fourth are formal in every respect. The process outlining the fourth quarter is as follows:

- The formal reports with supporting documents are appraised internally
- Thereafter appraisal takes place by the Audit Committee
- However, the most important regulated mechanism to evaluate performance of the Municipal Manager and Managers accountable to the Municipal Manager normally used is found in Regulation 27(4) (d) of the 2006 Regulations

I conclude by pointing out that I deliberately avoided context hereof as I am a subject of assessment and appraisal. However, the outcome of the assessments will be captured in keeping with Sec 121 of the MFMA in the Annual Report that is due within 9 months of a new financial year. This will however be available to the Auditor-General for review during the audit report.

I take this opportunity to thank all staff members, strategic personnel and all my management for once again giving it their all.

PRINCESS S.A. BUTHELEZI
MUNICIPAL MANAGER

1. Background to Municipal Performance Reporting

The Ulundi Municipality's Annual Performance Report is compiled in terms of the legislative requirements of Chapter 6 of the Municipal Systems Act, 32 of 2000 and Chapter 12 for the Municipal Finance Management Act, 56 of 2003. The Municipal Systems Act prescribes the role of each sphere of government in the municipal performance reporting.

2. Purpose of the Report

The main purpose of this report is to account to MEC for Local Government, Provincial legislature, NCOP, Minister of Cooperative Governance and Traditional Affairs, National Treasury, Auditor-General and to the citizens of South Africa on progress being made by municipalities towards achieving the overall goal of "a better life for all". Furthermore, the report is a key performance report to the communities and other stakeholders in keeping with the principles of transparency and accountability of government to the citizens. It subscribes to the South African developmental nature of participatory democracy and cooperative governance and responds to the principles of the Constitution, Batho Pele, and White Paper on Local Government, MSA and the MFMA.

3. The Assessment Process and the Methodology followed in Compiling the Report

According to the provisions of the Municipal Systems Act, 32 of 2000, municipalities must monitor and measure the progress of their performance by preparing quarterly and mid-year performance reports, in terms of Chapter 6 of the MSA, on performance management systems. These quarterly and mid-year reports make up the municipalities' annual performance reports (Section 46 report), which are submitted to the Auditor-General, together with the financial statements, for auditing. After adoption of the audited performance report by the municipal council, it must then be submitted to the MEC for Local Government.

4. Compilation and Structure of the Report

The report should present an analysis and comparison of past and current progress on performance which has been conducted. This is followed by a brief assessment summary which is presented at the end of each Key Performance Area (KPA). Then follows the sub-section that relates to the challenges experienced by municipalities in performing in these KPAs.

5. The municipal reporting process

Section 46 (1) of the Municipal Systems Act (MSA) 32 of 2000, states that

(1) a municipality must prepare for each financial year a performance report reflecting:

- (a) the performance of the municipality and of each external Service provider during that financial year, also
 - (b) a comparison of the performances referred to paragraph (a) with targets set for and performances in the previous financial year; and
 - (c) measures taken to improve performance.
- (2) An annual performance report must form part of the municipality's annual report in terms of chapter 12 of the Municipal Finance Management Act

(a) Section 121 of the Municipal Finance Management Act (MFMA) 56 of 2003, requires that:

(1) Every municipality and every entity must for each financial year prepare an annual report. The Council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

(b) Section 129 of the Municipal Finance Management Act (MFMA) 56 of 2003, requires that:

(1) The Council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council:

- has approved the annual report with or without reservations;
- has rejected the annual report; or
- has referred the annual report back for revision of those components that can be revised.

6. Limitations in Municipal Reporting

While no limitations are applicable, context is however limited due to cash flow that hindered some programmes.

7. Municipality's Demographic Information

Ulundu Municipality is located on the southern boundary of the Zululand District Municipality in the northern-eastern KwaZulu-Natal. The Municipal area is approximately 3 250 square kilometres in extent and includes town and settlements of Ulundi, Nqulwane, Mahlabathini, Babanango, Mpungamhlophe and Ceza.

Approximately half of the Municipal area consists of commercial farms and the area supports a substantial agricultural community. The town of Ulundi represents the only urban centre in the Ulundi Municipal area and accommodates approximately 40 000 people. The settlement pattern reveals a high population concentration in the town of Ulundi and a densely populated peri-urban area surrounding the town and along the main routes R34, R66 and P700. Further settlement concentration includes:

- Nqulwane in the eastern part of Ulundi with the Okhukho Coal Mine
- Babanango which developed as a result of forestry industry
- Denny Dalton / Mpungamhlophe which developed as a result of road R34 and rail infrastructure; and
- Ceza to the north, which developed in response to the establishment of supportive land uses such as a hospital, clinic and other related social support services in the area. It is also situated on the road network system. It is therefore a connection and concentration point for people and activities.

2011/2012 ANNUAL PERFORMANCE REPORT: CORPORATE SERVICES

Obj. No.	National KPA	Objective	Activities	Annual Target	2010/2011			2011/2012		
					Projected	Actual	Achieved/not Achieved	Projected	Actual	Achieved/not Achieved
1	DEMOCRACY AND GOVERNANCE	Efficient and effective management of the Municipality	Receipt and adoption of the ZDM IDP Framework Plan	Jul-11	n/a	n/a	n/a	Jul-11	Jul-11	Achieved
			Preparation and approval of IDP Process Plan and submission to COGTA	Aug-11	n/a	n/a	n/a	Aug-11	Aug-11	Achieved
			Undertake community consultation process as part of the 2012 / 2013 review of the IDP	Aug-11	n/a	n/a	n/a	Aug-11	Aug-11	Achieved
			Approval of the draft IDP review for the 2012 / 2013 financial year	Mar-12	n/a	n/a	n/a	Mar-12	Mar-12	Achieved
			Advertise the Draft IDP for public comments	Apr-12	n/a	n/a	n/a	Apr-12	Apr-12	Achieved
			Undertake the Annual Road show for PMS, IDP and Budget	Apr-12	n/a	n/a	n/a	Apr-12	Apr-12	Achieved
			Identification, management of stakeholders and convening of the IDP Representatives Forum Meeting	May-12	n/a	n/a	n/a	May-12	May-12	Achieved
			Approval of the final IDP review for the 2012 / 2013 financial year	Jun-12	n/a	n/a	n/a	Jun-12	Jun-12	Achieved
			Promulgation, distribution and loading of IDP Document onto the website for consumption by sector departments and other stakeholders	Jun-12	n/a	n/a	n/a	Jun-12	Jun-12	Achieved
2		Effective engagement by the Municipality with the District Municipality	Obtain the IGR meetings schedule from ZDM and advise relevant personnel within the Municipality	Jul-11	n/a	n/a	n/a	Jul-11	Nil	Not achieved
			Include meetings of the Mayors' Forum and the Municipal Managers' Forum in the respective schedules of the individuals concerned	Jul-11	n/a	n/a	n/a	Jul-11	Nil	Not achieved

		Submit monthly reports to Executive and Finance Committee	Monthly	n/a	n/a	n/a	12	12	Achieved
		Attendance at Provincial and District alignment forums – IDP, Tourism, SDF, LED, legislative and project meetings	As required	n/a	n/a	n/a	Compliance	Complied	Achieved
3	Promotion of community participation in the operation of the Municipality	Development and approval of a Public Participation Plan for the Municipality	Sep-11	n/a	n/a	n/a	Sep-11	Sep-11	Achieved
		Extend invitation to community members to attend Council meetings	Quarterly	4	4	Achieved	4	4	Achieved
		Extend invitation to community members to attend IDP review meetings	As required	Compliance	Complied	Achieved	Compliance	Complied	Achieved
		Extend invitation to community members to attend Budget Review meeting	Nov-11	Compliance	Complied	Achieved	Nov-11	Nov-11	Achieved
		Publicise all statutory publications	As required	Compliance	Complied	Achieved	Compliance	Complied	Achieved
4	Promotion of public participation through the effective utilisation of ward committees	Facilitate the establishment of new ward committees in each ward within the Municipality	August 2011 24 Wards	n/a	n/a	n/a	August 2011 24 Wards	August 2011 24 Wards	Achieved
		Develop appropriate training for ward committee members	Sep-11	n/a	n/a	n/a	Sep-11	Sep-11	Achieved
		Facilitate training to ward committee members on operation of ward committees	October 2011 to December 2011	n/a	n/a	n/a	October 2011 to December 2011	October 2011 to December 2011	Achieved
		Monitor the frequency and content of ward committee meetings through the submission of agendas, attendance registers and minutes	Monthly from October 2011	n/a	n/a	n/a	9	9	Achieved
		Table ward committee reports to the Executive & Finance Committee and the Council	Monthly from October 2011	12	3	Not achieved	9	9	Achieved
		Co-ordination of Community Development Workers activities to provide assistance to relevant individuals	As required	n/a	n/a	n/a	Compliance	Complied	Achieved
5	Maintenance of a customer care culture within the Municipality	Maintenance of a complaints register within the customer care facility in which all queries and complaints and the response thereto are recorded	As required	Compliance	Complied	Achieved	Compliance	Complied	Achieved

			Monitoring complaints lodged on the Presidential Hotline	As required				Compliance	Complied	Achieved
			Undertake weekly inspection of suggestion boxes to ascertain and action complaints	Weekly	52	52	Achieved	52	52	Achieved
			Improvement of access to public information by making available copies of the Municipal Code and By-laws at the Municipal Library and customer care office	As required	n/a	n/a	n/a	Compliance	Complied	Achieved
6		Promotion of the profile of the Municipality	Publication of half yearly newsletter for external distribution	Half yearly	2	1	Partially achieved	2	1	Partially achieved
			Regular articles published in the local news media reflecting issues of interest to the communities served	Once a month	12	17	Achieved	12	15	Achieved
			Timely repudiation of incorrect and / or unfavourable publicity	As required	Compliance	Complied	Achieved	Compliance	Complied	Achieved
7		Effective implementation of civic functions undertaken by the Council of the Municipality	Development of the schedule of IDP and Budget Road Shows	Aug-11	Nov-10	Nov-10	Achieved	Aug-11	Aug-11	Achieved
			Advertisement of the dates and venues of the IDP and Budget Road Shows	Oct-11	Nov-10	Nov-10	Achieved	Oct-11	Oct-11	Achieved
			Co-ordination and on site management of the logistical and other arrangements for each of the IDP and Budget Road Shows	Nov-11	Compliance	Complied	Achieved	Nov-11	Nov-11	Achieved
			Drafting of relevant Mayoral Speech	As required	Compliance	Complied	Achieved	Compliance	Complied	Achieved
			Media and publicity co-ordination	As required	Compliance	Complied	Achieved	Compliance	Complied	Achieved
8		Monitor the implementation of the Performance Management System adopted by the Municipality	Undertake annual review of the Performance Management Policy and Performance Management Framework	Jul-11	Aug-10	Aug-10	Achieved	Jul-11	Jul-11	Achieved
			Drafting and approval of Section 57 Performance Agreements and Performance Plans	Jul-11	Jul-10	Jul-10	Achieved	Jul-11	Jul-11	Achieved
			Signing of Section 57 Performance Agreements by participants	Jul-11	Jul-10	Jul-10	Achieved	Jul-11	Jul-11	Achieved
			Co-ordination of final assessments for the 2011 / 2012 financial year	Aug-11	Aug-10	Aug-10	Achieved	Aug-11	Aug-11	Achieved

			Completion of ... annual performance report for the 2010 / 2011 financial year	Sep-11	Aug-10	Aug-10	Achieved	Sep-11	Sep-11	Achieved
			Compilation of the annual report for the 2010 / 2011 financial year	Nov-11	Aug-10	Aug-10	Achieved	Nov-11	Nov-11	Achieved
			Preparation of quarterly performance reports	Quarterly	4	4	Achieved	4	4	Achieved
9		Full implementation of the Oversight Policy adopted by the Council of the Municipality	Familiarise members of Council with the contents of the Oversight Policy of the Municipality	Jul-11	n/a	n/a	n/a	Jul-11	Jul-11	Achieved
			Schedule regular meetings of the Oversight Committee	Quarterly	n/a	n/a	n/a	4	2	Partially achieved
10		Provision of a secretariat for the operation of the Council and all Council committees	Competent taking of minutes at all meetings of Council and Council committees	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
			Timely delivery of agendas for Council and Executive Committee meetings in accordance with the Municipality's Standing Rules of Order	Minimum of 48 hours before meeting	Compliance	Complied	Achieved	Compliance	Complied	Achieved
			Timely delivery of agendas for all Portfolio Committee meetings in accordance with the Municipality's Standing Rules of Order	Minimum of 48 hours before meeting	Compliance	Complied	Achieved	Compliance	Complied	Achieved
			Councillors serving in the Zululand District Municipality	Quarterly	4	2	Partially achieved	4	0	Not achieved
11		Management of the Portfolio Committee System of the Municipality by scheduling Portfolio Committee, EXCO and Council meetings	Scheduling of Portfolio Committee meetings during the 2011 / 2012 financial year	24 Portfolio Committee meetings	36	27	Partially achieved	24	41	Achieved
			Scheduling of Executive Committee meetings during the 2011 / 2012 financial year	16 EXCO meetings	12	15	Achieved	16	19	Achieved
			Scheduling of Council meetings during the 2011 / 2012 financial year	4 Council meetings	4	13	Achieved	4	12	Achieved
			Scheduling of special Executive Committee meetings and Council meetings	As required	Compliance	Complied	Achieved	Compliance	Complied	Achieved

12	Effective implementation of Council resolutions	Dissemination of information regarding Council resolutions to pertinent directorate management	Monthly	Compliance	Complied	Achieved	12	12	Achieved
		Obtain feedback from directorate management on the progress in implementing Council resolutions	Monthly	Compliance	Complied	Achieved	12	12	Achieved
		Submission of reports to the Executive and Finance Committee on the implementation of Council resolutions	Monthly	12	11	Partially achieved	12	12	Achieved
13	Management of the filing system within the Municipality	Ensure compliance with the provisions of the Archives Act and the directives of the Provincial Archivist	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
		Maintenance of an updated filing index which indicates all files held by the Municipality	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
		Maintenance of a circulation register where the locality of all files not in the registry is reflected	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
		Ensure that all files are kept neatly and in a secure environment	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
14	Development and implementation of a formal business licensing capacity within the Municipality	Confirm the listing of formal businesses within the Municipality that require trading licences	Jul-11	n/a	n/a	n	Jul-11	Jul-11	Achieved
		Issue, review and maintain trading licences during the 2011 / 2012 financial year	Dec-11	n/a	n/a	n/a	Dec-11	Dec-11	Achieved
		Monitor compliance by each licensed entity with conditions of trading licence issued	5 per Quarter	n/a	n/a	n/a	20	20	Achieved
15	Development and implementation of a formal business licensing capacity within the Municipality	Confirm listing of informal businesses within the Municipality that require trading licences	Jul-11	n/a	n/a	n/a	Jul-11	Jul-11	Achieved
		Identify, licence and regulate hawkers during the 2011 / 2012 financial year	Dec-11	n/a	n/a	n/a	Dec-11	Dec-11	Achieved
		Monitor compliance by each licensed entity with conditions of hawker's licence issued	Inspections as required	n/a	n/a	n/a	Compliance	Complied	Achieved

16	INSTITUTIONAL TRANSFORMATION	Building capacity within the members of Council of the Municipality	Provision of a...duction programme for new members of Council	Jul-11	n/a	n/a	n/a	n/a	Jul-11	Jul-11	Achieved
			Conduct training needs analysis required to equip newly elected members of Council	Jul-11	n/a	n/a	n/a	n/a	Jul-11	Jul-11	Achieved
			Provision of training and information sessions to newly elected members of Council	August 2011 to October 2011	n/a	n/a	n/a	n/a	August 2011 to October 2011	August 2011 to October 2011	Achieved
17		Training and equipping of officials at the Municipality	Review and update the Workplace Skills Plan for the Municipality	Jul-11	n/a	n/a	n/a	n/a	Jul-11	Jul-11	Achieved
			Number of officials trained in accordance with the Workplace Skills Plan	40	20	164	Achieved	40	74	Achieved	
			Development of a Retention Policy	Sep-11	n/a	n/a	n/a	Sep-11	Sep-11	Achieved	
			Ensure that the probation is confirmed for newly appointed employees	As required				Compliance	Complied	Achieved	
			Maximise training budget by utilising accredited service providers and claiming training rebates	100% Compliance	n/a	n/a	n/a	Compliance	Complied	Achieved	
18		Ensure that the employment processes of the Municipality reflect the demographic realities within the municipal area	Review and update the Employment Equity Implementation Plan for the Municipality	Sep-11	Sep-10	Sep-10	Achieved	Sep-11	Sep-11	Achieved	
			Compliance of recruitment processes with the stipulations of the Employment Equity Implementation Plan	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved	
19		Implementation of the supply chain management process	Attendance at all meetings of the Bid Adjudication Committee,	As required	Compliance	Complied	Achieved	Compliance	Complied	Achieved	
			Ensure that the Directorate is represented at meetings of the Bid Evaluation Committee. Provision of secretarial services to meetings of the Bid Specifications Committee	As required	Compliance	Complied	Achieved	Compliance	Complied	Achieved	
20		Ensure that the organisational structure of the Municipality is aligned with the IDP	Distribute a circular that regulates the upgrading of organograms	Jul-11	n/a	n/a	n/a	Jul-11	Jul-11	Achieved	

		Identify the current gaps between the organogram and the post structure that would underpin the implementation of the IDP	Aug-11	n/a	n/a	n/a	n/a	Aug-11	Aug-11	Achieved
		Develop a strategy to address the identified gap	Aug-11	n/a	n/a	n/a	n/a	Aug-11	Aug-11	Achieved
		Ensure that no changes are effected to the organogram	Monthly inspections	n/a	n/a	n/a	n/a	Compliance	Complied	Achieved
21	Increase operational capability of the Municipality by filling critical vacant posts	Identify critical vacant posts budgeted for during the 2011 / 2012 financial year	Jul-11	Compliance	Complied	Achieved		Jul-11	Jul-11	Achieved
		Prepare advertisements inviting applications from suitable candidates for each of the identified vacant posts	As required	n/a	n/a	n/a	n/a	Compliance	Complied	Achieved
		Facilitate the short-listing process for each and every position	As required	n/a	n/a	n/a	n/a	Compliance	Complied	Achieved
		Facilitate the selection process by arranging for interview of short listed candidate	As required	n/a	n/a	n/a	n/a	Compliance	Complied	Achieved
		Finalise the appointment of the preferred candidate	As required	n/a	n/a	n/a	n/a	Compliance	Complied	Achieved
22	Maintenance of a personnel file for each official in the Municipality	Maintenance of a personnel file for each officia in the Municipality	Compliance	Compliance	Complied	Achieved		Compliance	Complied	Achieved
		All personnel files to have all pertinent information required in terms of legislation	Compliance	Compliance	Complied	Achieved		Compliance	Complied	Achieved
		Undertake sample audit of personnel files to mon tor completeness	Monthly	12	12	Achieved		12	12	Achieved
		Maintenance of leave record in terms of the conditions of service and ensure proper monthly reconciliation of the leave record	Monthly	12	12	Achieved		12	12	Achieved
		Regular rev ew of personal particulars of each official for salary and other purposes	Monthly	12	12	Achieved		12	12	Achieved
		Provide for safe and secure custody of all Personnel files	Compliance	Compliance	Complied	Achieved		Compliance	Complied	Achieved
23	Efficient and effective handling of all labour related matters	Facilitate the functioning of the local Labour Forum	Compliance	Compliance	Complied	Achieved		Compliance	Complied	Achieved
		Monitor compliance with the main collective agreement	Compliance	n/a	n/a	n/a		Compliance	Complied	Achieved

			Provision of advice to the Council and management of the Municipality on the content and implications of labour legislation	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
			Ensure that the disciplinary and grievance procedures undertaken within the Municipality comply with the relevant legislative prescripts	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
			Implementation of the requirements of the Occupational Health and Safety Act at the Municipality	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
			Implementation of changes to the new Conditions of Service	Jul-11	n/a	n/a	n/a	Jul-11	Jul-11	Achieved
			Submission of regular reports to the Executive and Finance Committee and the Council of the Municipality regarding the handling of all labour related matters	Monthly EXCO Quarterly Council	12	12	Achieved	16	16	Achieved
24		Ensure that all municipal by-laws are up to date and their provisions enforced	Investigate all contraventions of the adopted by-laws published by the Municipality	As required	n/a	n/a	n/a	Compliance	Complied	Achieved
			Where the possibility of criminal prosecution exists, liaise with legal and law enforcement entities	As required	n/a	n/a	n/a	Compliance	Complied	Achieved
25		Provide for the management and security of facilities	Development and approval of a Facility Management Plan by the Council of the Municipality	Jul-11	n/a	n/a	n/a	Jul-11	Jul-11	Achieved
			Develop and maintain a Stakeholder's forum to facilitate regular contact with key stakeholders and users engaged in the Public Transport Facilities and other related facilities	Monthly meetings	n/a	n/a	n/a	12	16	Achieved
			Allocation of 23 Market Stalls	Aug-11	n/a	n/a	n/a	Aug-11	Aug-11	Achieved
			Deployment of specific routes to targeted taxis	Aug-11	n/a	n/a	n/a	Aug-11	Aug-11	Achieved
			Occupation of the new Public Transport Facility	As required	n/a	n/a	n/a	Compliance	Complied	Achieved
			Enforcement of Taxi Rank and other related facilities By-laws	Inspections as required	n/a	n/a	n/a	Compliance	Complied	Achieved
			Monitor compliance by each licensed entity with conditions of trading license issued	As required	n/a	n/a	n/a	Compliance	Complied	Achieved
			Co-operate with legal services to ensure conviction of all offenders	As required	n/a	n/a	n/a	Compliance	Complied	Achieved

26		Ensure that all Council policies reflect current legislative priorities and requirements	Maintain a comprehensive list of all Council policies in a Municipal Code – financial, administrative and technical policies	Compliance	n/a	n/a	n/a	Compliance	Complied	Achieved
			Update a data base (electronically if possible) of all Council policies	Compliance	n/a	n/a	n/a	Compliance	Complied	Achieved
			Regular updating of Municipal Code by including new policy amendments	As required	n/a	n/a	n/a	Compliance	Complied	Achieved
27		Initiation and the proper handling of all legal matters where the Municipality is a party	Review of panel of Attorneys	Annually	Jul-10	Jul-10	Achieved	1	1	Achieved
			Drafting, revision and / or negotiation of contracts	As required	n/a	n/a	n/a	Compliance	Complied	Achieved
			Liaise with legal advisors of Council to conclude pending legal matters	As required	Compliance	Complied	Achieved	Compliance	Complied	Achieved
			Facilitate the initiation of legal action wherein Council's position is undermined	As required	Compliance	Complied	Achieved	Compliance	Complied	Achieved
			Provide legal support and advice to Council and officials on a broad range of issues	Compliance	n/a	n/a	n/a	Compliance	Complied	Achieved
			Submission of regular progress reports to the Executive and Finance Committee and Council on each legal matter	Monthly EXCO Quarterly Council	12	12	Achieved	16	16	Achieved
28		Management of all lease agreements to which the Municipality is a party	Establish and maintain a register of all lease agreements to which the Municipality is a party	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
			Annually review all lease agreements where the Municipality is involved	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
			Effect and advise on any adjustments and updates in any of the lease agreements	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
			Proactively address the expiration of a lease agreement, whether or not the lease is to be renewed	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
			Maintain all lease agreements in a secure environment	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
29		Provide strategic direction to the management of the Corporate Services	Number of management meetings held within the Directorate during the 2011 / 2012 financial year	Monthly	12	10	Partially achieved	12	16	Achieved

			Recording of minutes to reflect the deliberations held and the decisions taken within the management meetings	Minutes within one week of meeting	12	10	Partially achieved	12	13	Achieved
			Number of staff meetings held within the Directorate during the 2011 / 2012 financial year	Monthly	n/a	n/a	n/a	12	11	Partially achieved
			Prepare and submit monthly reports on the operation of the Directorate to the Municipal Manager and the Executive and Finance Committee	Monthly	12	11	Partially achieved	12	12	Achieved
			Attend monthly MANCO meetings	Monthly	n/a	n/a	n/a	12	11	Partially achieved
			Facilitate and attend monthly Portfolio Committee meetings	Monthly	n/a	n/a	n/a	12	16	Achieved
30	SOCIAL AND ECONOMIC DEVELOPMENT	Implementation of a local economic development strategy for the Umdeni Local Municipality and the exchange of economic stimulation through national and international partnerships	Review and update the local economic development strategy to reflect the current status and potential of the Municipality	Oct-11	n/a	n/a	n/a	Oct-11	Oct-11	Achieved
			Alignment of the local economic strategy with the Zululand District Municipality Growth and Development Strategy	Oct-11	n/a	n/a	n/a	Oct-11	Nil	Not achieved
			Maintain national and international partnerships	Quarterly	4	4	Achieved	4	4	Achieved
31		Establishment of local economic development initiatives through the Mayoral projects	Identify small local economic development projects to be funded in the 2011 / 2012 financial year	Oct-11	n/a	n/a	n/a	Oct-11	Oct-11	Achieved
			Regular updating and maintenance of the local economic development projects register	Monthly	n/a	n/a	n/a	12	12	Achieved
			Number of communities or organisations to benefit through the funding provided by the Mayoral projects	4	n/a	n/a	n/a	4	48	Achieved
			Number of temporary jobs created through the implementation of capital projects undertaken by the Municipality in the 2011 / 2012 financial year	80	n/a	n/a	n/a	80	221	Achieved

32		Stimulate development of small businesses and cooperatives as a vehicle to increase employment levels	Development on a data base of all SMMEs within the Municipality	Dec-11	n/a	n/a	n/a	n/a	Dec-11	Dec-11	Achieved
			Facilitate participation of entrepreneurs and small business owners in the skills development initiatives of the KZN Department of Economic Development and Tourism	As available	n/a	n/a	n/a	n/a	Compliance	Complied	Achieved
			Develop a programme to provide a business advisory service to SMMEs and the general business sector with applications for funding in government and non-government sectors	Jan-12	n/a	n/a	n/a	n/a	Jan-12	Jan-12	Achieved
			Record growth in employment opportunities, permanent or temporary, occasioned by the development of the SMME sector	10 new jobs	n/a	n/a	n/a	n/a	10	158	Achieved
			Correspond with and arrange visits to sector departments	3 visits per Quarter	n/a	n/a	n/a	n/a	12	7	Partially achieved
			Co-ordination of IDP Programmes and submission of applications through PMU to possible funders	As required	n/a	n/a	n/a	n/a	Compliance	Complied	Achieved
			Maintain documentary record of achievements (projects & other) of the Municipality	Half Yearly	2	2		Achieved	2	1	Partially achieved
33		Enhance and protect the cultural heritage of communities within the Municipality	To facilitate the identification and documentation of all heritage sites within the Municipality in consultation with the relevant KZN Heritage Authority	Dec-11	n/a	n/a	n/a	n/a	Dec-11	Dec-11	Achieved
			Prepare a heritage plan that reflects each heritage asset and what is required to ensure that its integrity is protected	May-12	n/a	n/a	n/a	n/a	May-12	Jun-12	Achieved
34		Promotion of tourism within the area of jurisdiction of the Municipality	Conduct a Tourism resource audit to identify all potential tourism sites within the municipality	Dec-11	n/a	n/a	n/a	n/a	Dec-11	Jan-12	Achieved
			Prepare an updated data base of all tourism related attractions and facilities available to visitors to the municipal area	Dec-11	n/a	n/a	n/a	n/a	Dec-11	Dec-11	Achieved

		Update the Municipality's Tourism Strategy to reflect current developments and opportunities	Mar-12	n/a	n/a	n/a	Mar-12	Nil	Not achieved
		Develop and submit a business plan in consultation with Technical Services to secure funding for the establishment of a Tourism Information Centre in Ulundi	Mar-12	n/a	n/a	n/a	Mar-12	Mar-12	Achieved
		Monitor progress on approval of business plan	Monthly from April 2012	n/a	n/a	n/a	3	3	Achieved
		Ensure attendance at all tourism related seminars, workshops and related events to publicise the tourist potential of the Ulundi municipal area	As required	Compliance	Complied	Achieved	Compliance	Complied	Achieved
		Support and monitor the functions of the Local Tourism Authority	As required	n/a	n/a	n/a	Compliance	Complied	Achieved
		Co-ordinate the meeting of the Local Tourism Forum	Quarterly	n/a	n/a	n/a	4	3	Achieved
35	Encourage community participation in the promotion of tourism within the Municipality	Workshop communities within the Municipality on the opportunities offered by tourism for local economic development	Workshops	n/a	n/a	n/a	4	7	Achieved
		Assist communities in the identification of community based tourism (heritage and other) sites	Document Quarterly	n/a	n/a	n/a	4	4	Achieved
		Planning and implementation of a community tourism awareness event to coincide with Heritage Day and Tourism Month	Sep-11	Sep-11	Sep-11	Achieved	Sep-11	Sep-11	Achieved
36	FINANCIAL MANAGEMENT	Exercise financial and fiscal control over the Corporate Services Directorate	Dec-11	Compliance	Complied	Achieved	Dec-11	Dec-11	Achieved
		Containment of operational expenditure for the 2010 / 2011 financial year within budgetary limits	Monthly	Compliance	Complied	Achieved	12	11	Partially achieved
		Consideration of monthly expenditure reports received from the Financial Services Directorate	Monthly	n/a	n/a	n/a	12	11	Partially achieved
		Facilitation of Loss Control Committee meetings to investigate loss situations and recommend appropriate actions to the Council of the Municipality	Quarterly	Compliance	Complied	Achieved	4	3	Partially achieved
		Establishment of a Loss Control Policy	Jan-12	n/a	n/a	n/a	Jan-12	Nil	Not achieved

2011/2012 ANNUAL PERFORMANCE REPORT: TECHNICAL SERVICES

			Objective	Activities	Annual Target	2010/2011		2 nd Qtr	2011/2012		
						Target			Target		
						Projected	Actual	Achieved/not Achieved	Projected	Actual	Achieved/not Achieved
1	INFRASTRUCTURE AND SERVICE DELIVERY	Expansion of the electrification of households within the Municipality	Ensure that DME funding of R 8 million is committed as part of the Integrated National Electrification Programme	Jul-11	Jul-10	Jul-10	Jul-10	Achieved	Jul-11	Jul-11	Achieved
			Appointment of contractor to undertake the connection of 500 rural households located in Ward 14 and Ward 15 of the Municipality	Sep-11	Aug-10	Aug-10	Aug-10	Achieved	Sep-11	Delays by Eskom	Not achieved
			Completion of the contract to connect 500 rural households	Mar-12	Feb-11	Feb-11	Feb-11	Achieved	Mar-12	Delays by Eskom	Not achieved
2		Addressing the defective cable from the intake sub-station to the Legislative Assembly building	Investigation of sources of funding to finance defective cable replacement	Mar-12	Jul-10	Jul-10	Jul-10	Achieved	Mar-12	Mar-12	Achieved
3		Maintain regular contact with Eskom	Improve communication and liaison with Eskom through the conduct of structured and recorded quarterly meetings	Quarterly	12	6	6	Not Achieved	4	5	Achieved
4		Undertake effective maintenance of the electricity network	Ensure that essential equipment is serviced on a regular basis	Annually	100%	100%	100%	Achieved	100%	105%	Achieved
			Percentage of maintenance budget expended on identified maintenance requirements	100%	100%	86%	86%	Partially Achieved	100%	71%	Partially achieved
5		Upgrading of the electricity network	Develop a business plan to secure funding for the completion and commissioning of the parallel feeder	Sep-11	n/a	n/a	n/a	n/a	Sep-11	Sep-11	Achieved
			Submit business plan to potential funders	Nov-11	n/a	n/a	n/a	n/a	Nov-11	Nov-11	Achieved
6		Implementation of an operational load management system	Identification by the appointed consultant of the current shortcomings in the operational load management system	Sep-11	n/a	n/a	n/a	n/a	Sep-11	Sep-11	Achieved
			Submission of a quotation by the consultant to address identified shortcomings	Nov-11	n/a	n/a	n/a	n/a	Nov-11	Nov-11	Achieved
7		Building and upgrading of access roads	Ensure that committed MIG funding is available when required	Jul-11	Jul-10	Jul-10	Jul-10	Achieved	Jul-11	Jul-11	Achieved

8	Building and upgrading of access roads	Completion of construction of 1.5 kilometre Mahlabathini White City Road	May-12	Feb-11	85% complete	Partially Achieved	May-12	90 % complete. Material shortage	Partially achieved
		Ensure that committed MIG funding is available when required	Jul-11	Jul-10	Jul-10	Achieved	Jul-11	Jul-11	Achieved
9	Maintenance of access roads within the Municipality	Completion of the upgrading of 2.7 kilometres of Mahlabathini Town Access Roads	Jun-12	May-11	87% complete	Partially Achieved	Jun-12	Jun-12	Achieved
		Prepare access road maintenance programme for the 2011 / 2012 financial year	Jul-11	n/a	n/a	n/a	Jul-11	Jul-11	Achieved
		Maintenance of access roads in accordance with programme	1.5 Km	n/a	n/a	n/a	1.5 Km	1.5 Km	Achieved
10	Maintenance of community roads within the residential and semi-urban areas of the Municipality	Develop a programme to address maintenance of access and community roads within the Municipality	Jul-11	Jul-11	Jul-11	Achieved	Jul-11	Jul-11	Achieved
		Implement the maintenance to community roads programme on a monthly basis by repairing potholes and other deficiencies	Monthly programme	12	12	Achieved	12	12	Achieved
		Address community claims resulting from perching potholes	12 claims	0	0	Achieved	0	0	Achieved
11	Maintenance of storm water drainage	Identification of blocked catch pits within the municipal area	200 pits	150	237	Achieved	200	279	Achieved
		Number of blocked catch pits cleared	200 pits	150	237	Achieved	200	279	Achieved
12	Maintain regular contact with the water services provider	Improve communication with the Zululand District Municipality through the conduct of structured and recorded quarterly meetings	Quarterly	12	6	Partially Achieved	4	6	Achieved
13	Completion of Phase 2 of the upgrading of the Uundi Recreational Park in Ward 22 of the Municipality	Ensure that committed MIG funding is available when required	Jul-11	n/a	n/a	n/a	Jul-11	Jul-11	Achieved
		Completion of the upgrading of Phase 2 of the Uundi Recreational Park	Dec-11	n/a	n/a	n/a	Dec-11	Dec-11	Achieved
14	Construction of Nquwane Sports Field in Ward 24 of the Municipality	Ensure that committed MIG funding is available when required	Jul-11	n/a	n/a	n/a	Jul-11	Jul-11	Achieved
		80% Completion of the construction of the Nquwane Sports Field	Jul-12	n/a	n/a	n/a	Jul-11	15% MIG funding not available	Not achieved

15	Development and implementation of a Comprehensive Municipal Infrastructure Plan	Awaiting completion of the draft of Phase 2 of the Comprehensive Infrastructure Plan for the Municipality from the Zululand District Municipality	Dec-11	Dec-11	Awaiting ZDM	Not achieved	Dec-11	Awaiting ZDM	Not achieved
16	Effective and structured land use planning within the Municipality	Adoption by the Council of the Municipality of the Land Use Management Scheme for Umlund urban areas	Jan-12	Sep-10	Sep-10	Not achieved	Jan-12	Jan-12	Not achieved
		Resolution of the land ownership issues with the traditional authorities	Jan-12	n/a	n/a	n/a	Jan-12	Dealt with by Legal Dept	Not achieved
17	Undertake the establishment of a Spatial Development Framework for the Municipality	Development of the work schedule	July 2011 March 2012	n/a	n/a	n/a	July 2011 March 2012	Will be completed in 2012/2013	Not achieved
		Undertaking of the Spatial Development Framework process including the consultation with stakeholders	Mar-12	Mar-11	Nil	Not Achieved	July 2011 March 2013	Will be completed in 2012/2013	Not achieved
		Finalisation of the draft Spatial Development Framework of the Municipality	2012 / 2013	Jun-11	Nil	Not Achieved	July 2011 March 2014	Will be completed in 2012/2013	Not achieved
18	Ensure that all development is undertaken in terms of the legal framework established by the Municipality	Regular inspection of construction to ensure compliance with approved building plans	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
19	Maintenance of municipal buildings	Address all leaks and blockages in the abutment blocks	As required	60	62	Achieved	Compliance	Complied	Achieved
		Repair of broken windows and doors at community halls	5 Halls	n/a	n/a	n/a	Compliance	Did not comply	Not achieved
20	Management of the vehicle fleet operated by the Municipality	Take possession of the new vehicles supplied by the contracted service provider in terms of a full maintenance lease	Jul-11	n/a	n/a	n/a	Jul-11	Jul-11	Achieved
		Ensure that all municipal vehicles are maintained in accordance with the maintenance schedule	As contracted	n/a	n/a	n/a	Compliance	Complied	Achieved
		Monitor the log book of each municipal vehicle to determine unauthorised / irregular usage	Monthly	n/a	n/a	n/a	12	12	Achieved
21	DEMOCRACY AND GOVERNANCE	Compliance with legislation and Council policies	Jul-11	Jul-10	Jul-10	Achieved	Jul-11	Jul-11	Achieved

			Address instances of non-compliance with the OHS Act and the NER licence requirements	Within 30 Days	Compliance	Complied	Achieved		Compliance	Complied	Achieved
22		Increase the revenue of the Municipality through the sale of municipal land	Advertisement of municipal sites available for sale in 2011 / 2012 financial year	Dec-11	Oct-10	Oct-10	Achieved		Dec-11	Will advertise in Jan	Achieved
			Maintenance of the land sales register	Compliance	Compliance	Complied	Achieved		Compliance	Complied	Achieved
			Amount of revenue generated from land sales during the 2011 / 2012 financial year	R1,0 million	R1,0 million	2 245 700	Achieved		R1,0 million	4376500,10	Achieved
23		Functioning of a project management unit (PMU) within the Municipality	Ensure availability of MIG funding to secure services of project management capacity to operate the PMU	Jul-11	n/a	n/a	n/a		Jul-11	Jul-11	Achieved
			Conduct regular meetings with service providers engaged on MIG projects to determine progress	Two per quarter	n/a	n/a	n/a		8	7	Partially achieved
			Preparation of monthly progress reports to MIG by the outsourced project management entity on each of the projects financed by the funding entity	Monthly	n/a	n/a	n/a		12	12	Achieved
			Receive feedback at monthly meetings with the outsourced project management entity	Monthly	n/a	n/a	n/a		12	12	Achieved
			Prepare and submit business plans to MIG to secure funding for projects in the 2012 / 2013 financial year	Jan-12	n/a	n/a	n/a		Jan-12	Jan-12	Achieved
24		Exercise control over the loss or damage to equipment and vehicles operated by the Municipality	Investigate all occurrences of loss and / or damage to equipment and vehicles operated by the Municipality	As required	n/a	n/a	n/a		Compliance	Complied	Achieved
			Prepare a report with recommendations for submission to the Loss Control Committee of the Municipality	As required	n/a	n/a	n/a		Compliance	Complied	Achieved
			Attend quarterly Loss Control Committee meetings	Quarterly	n/a	n/a	n/a		4	3	Partially achieved
25	INSTITUTIONAL TRANSFORMATION	Provide strategic direction to the management of the Technical Services Directorate	Number of management meetings held within the Directorate during the 2011 / 2012 financial year	Three per month	36	42	Achieved		36	42	Achieved
			Recording of minutes to reflect the deliberations held and decisions taken within the management meetings	Minutes within two working days of meeting	36	42	Achieved		36	43	Achieved

			Number of staff meetings held by Directorate during the 2011 / 2012 financial year	Two per quarter	n/a	n/a	n/a		8	11	Achieved
			Compliance with the targets and due dates included in Municipality's turnaround strategy	Monthly	Compliance	Complied	Achieved		Compliance	Complied	Achieved
			Prepare and submit monthly reports on the operation of the Directorate to the Municipal Manager and the Finance and Executive Committee	Monthly	12	12	Achieved		12	12	Achieved
			Attend monthly MANCO meetings	Monthly	12	12	Achieved		12	8	Partially achieved
			Facilitate and attend Portfolio Committee meetings	Two per Quarter	8	7	Partially Achieved		8	11	Achieved
26		Identify resource deficiencies that impact negatively on the ability of the Directorate to implement its mandate	Identify equipment replacement and enhancement needs for inclusion in the 2012 / 2013 budgetary process	Dec-11	Dec-10	Dec-10	Achieved		Dec-11	Dec-11	Achieved
			Identify critical vacant posts for inclusion in the 2012 / 2013 budgetary process	Dec-11	Dec-10	Dec-10	Achieved		Dec-11	Dec-11	Achieved
27	SOCIAL AND ECONOMIC DEVELOPMENT	Construction of 100 low cost housing units as part of the Ekushumayeni Rural Housing Project	Monitor progress on the completion of the low cost housing units	Monthly	n/a	n/a	n/a		12	12	Achieved
			Completion of the construction of 100 low cost housing units	May-02	880	360	Not Achieved		Apr-00	Apr-00	Achieved
28		Construction of 200 low cost housing units as part of the Ekudobekeni Rural Housing Project	Monitor progress on the completion of the low cost housing units	Monthly	n/a	n/a	n/a		12	12	Achieved
			Completion of the construction of 200 low cost housing units	Jun-12	n/a	n/a	n/a		Jul-00	Jul-00	Achieved
29		Construction of 400 low cost housing units as part of the Kwaximba Rural Housing Project	Monitor progress on the completion of the low cost housing units	Monthly	n/a	n/a	n/a		12	12	Achieved
			Completion of the construction of 400 low cost housing units		n/a	n/a	n/a		400	400	Achieved
30		Facilitation of the development of low cost housing projects	Finalise prioritised low cost housing projects for the 2012 / 2013 financial year in line with the approved IDP	Sep-11	n/a	n/a	n/a		Sep-11	Sep-11	Achieved
			Submit application to the Department of Human Settlements for funding	Nov-11	n/a	n/a	n/a		Nov-11	Nov-11	Achieved
31	FINANCIAL MANAGEMENT	Exercise financial and fiscal control over the Technical Services Directorate	Timely submission of the operational and capital budget inputs for the 2012 / 2013 financial year	Dec-11	Dec-10	Dec-10	Achieved		Dec-11	Dec-11	Achieved

			Containment of operational expenditure for the 2011 / 2012 financial year within budgetary limits	96%	96%	55%	Partially achieved	96%	71%	Partially achieved
			Consideration of monthly expenditure reports received from the Financial Services Directorate	Monthly report	12	12	Partially achieved	12	9	Partially achieved

2011/2012 ANNUAL PERFORMANCE REPORT: FINANCIAL SERVICES

Obj. No.	National KPA	Objective	Activities	Annual	2010/2011				2011/2012			
				Target	Projected	Actual	Achieved/ Not Achieved	Projected	Actual	Achieved/ Not Achieved		
					Proj	Act	Proj	Act	Proj	Act		
1		Management of the payment of creditors	Alignment of the order, delivery note and invoice for each creditor transaction Monthly creditor reconciliations to be completed for each creditor to determine the amount to be paid	Compliance	12	12	Achieved	12	12	Achieved		
2		Management of and the payment of salaries and councillor allowances	Update payroll software on a monthly basis with information obtained from human resource officials Process the payment of salaries and councillor allowances to meet the due date on a monthly basis Ensure that salary deductions and contributions are paid over by due date	Monthly Monthly 100% Compliance Monthly 100% Compliance	12 3 100% n/a	12 3 100% n/a	Achieved Achieved n/a	12 3 100% 3 100%	12 3 100% 3 100%	Achieved Achieved Achieved		
3		Management and control over the assets of the Municipality	Verification of all infrastructure assets within the Municipality Updating of fixed assets register to reflect all infrastructure and moveable assets within the Municipality Undertake regular scheduled and unscheduled inspections of assets to confirm location of assets	Dec-11 Jun-12 Monthly	Nov-10 Dec-10 12	Nov-10 Dec-10 12	Achieved Achieved Achieved	Dec-11 Jun-12 12	Nil Jun-12 9	Not achieved Achieved Partially achieved		
4		Compliance with the reporting requirements of the Municipal Financial Management Act, Act 56 of 2003	Completion and submission for audit purposes of the annual financial statements for the 2010 / 2011 financial year	August 2011	August 2010	August 2010	Achieved	August 2011	August 2011	Achieved		

			Compilation of a comprehensive working papers file	August 2011	August 2010	August 2010	Achieved	August 2011	August 2011	Achieved
			Submission of monthly, quarterly and six monthly financial reports, complete and on time	Monthly Quarterly Six monthly	12 2 4 12 2 4	Achieved	n/a	12 4 2	Achieved	
5		Preparation and approval of the operating and capital budget of the Municipality for the 2012 / 2013 financial year	Development, submission and approval of the budget process plan	Aug-11	August 2010	August 2010	Achieved	August 2011	August 2011	Achieved
			Obtain inputs from all directorates within the Municipality	Dec-11	Dec-10	Dec-10	Achieved	Dec-11	Dec-11	Achieved
			Prepare detailed draft operating and capital budget and tariff adjustments	Mar-12	Mar-11	Mar-11	Achieved	Mar-12	Mar-12	Achieved
			Undertake community participation and treasury and sector consultation process	Apr-12	May-12	May-12	Achieved	Apr-12	Apr-12	Achieved
			Adoption by Council of the operating and capital budget of the Municipality for the 2012 / 2013 financial year	May-12	May-12	May-12	Achieved	May-12	May-12	Achieved
6		Preparation of the Medium Term Expenditure Framework for the Municipality	Compile the Medium Term Expenditure Framework with regard to the 2013 / 2014 financial year and the 2014 / 2015 financial year	Mar-12	Mar-11	Mar-11	Achieved	Mar-12	Mar-12	Achieved
7		Preparation and approval of the Service Delivery and Budget Implementation Plan for the Municipality in respect of the 2012 / 2013 financial year	Preparation of the SDBIP for the 2012 / 2013 financial year	Within 14 days of approval of budget	Within 14 days of approval of budget	Within 14 days of approval of budget	Achieved	Within 14 days of approval of budget	Achieved	
			Approval of the SDBIP by the Mayor for the 2012 / 2013 financial year	Within 28 days of approval of budget	Within 28 days of approval of budget	Within 28 days of approval of budget	Achieved	Within 28 days of approval of budget	Achieved	

8	Preparation and approval of an Adjustment Budget for the Municipality in respect of the 2011 / 2012 financial year	Preparation of an Adjustment Budget in accordance with the provisions of Section 28 of the MFMA, as amended	Jan-12	Jan-11	Jan-11	Achieved	Jan-12	Jan-12	Achieved
9	Increase the functional level of the supply chain management committees	Approval of the Adjustment Budget for the Municipality in respect of the 2011 / 2012 financial year Undertake a review of the appointment of the SCM Bid Committees	Jan-12	Jan-11	Jan-11	Achieved	Jan-12	Jan-12	Achieved
		After each monthly meeting of the Bid Adjudication Committee provide the minutes of the meeting and detail of all awards made	Monthly	12	12	Achieved	12	12	Achieved
		Monitor the implementation of the supply chain management process	Monthly	12	12	Achieved	12	12	Achieved
		Submit regular reports to the Municipal Manager and the Mayor regarding the functioning of the process	Quarterly report	4	4	Achieved	4	4	Achieved
10	Efficient and effective control over expenditure	Adherence to all internal control mechanisms	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
		Containment of expenditure incurred by the Municipality for the 2011 / 2012 financial year within budgetary limits	96%	Compliance	Complied	Achieved	96.00%	84%	Partially achieved
11	Management of the payment of creditors	Commitment of funds to be effected with the placement of each order	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
		Payment of all creditors to be effected within 30 days of the receipt and approval of an invoice	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved
12	Management of the relationship between the Municipality and the Auditor General	Addressing all queries raised by the Auditor General in respect of the financial statements for year ended 30 June 2011	Nov-10	Nov-10	Nov-11	Achieved	Nov-11	Nov-11	Achieved

			Nature of the audit report submitted by the Auditor General to the Province and the Council of the Municipality	Unqualified	Unqualified	Unqualified	Unqualified	Achieved	Unqualified	Unqualified	Achieved
13		Management of the relationship between the Municipality and the main banking institution utilised by the Municipality	Formalisation and renewal of banking facilities annually	Oct-11	Oct-10	Oct-10	Achieved	Oct-11	Oct-11	Achieved	
			Completion of monthly bank reconciliation statements	Monthly	12	11	Partially achieved	12	11	Partially achieved	
14		Management of the relationship between the Municipality and funding entities	Identification of funding opportunities available to the Municipality	Quarterly	4	4	Achieved	4	4	Achieved	
			Submission of business plans to secure funding for prioritised projects	March 2012 to June 2012	4	4	Achieved	4	4	Achieved	
			Submission of monthly progress reports to all entities providing funding to Municipality	Monthly per funding entity	12	12	Achieved	12	12	Achieved	
15		Review and update existing financial policies and procedures to reflect legislative prescripts and prevailing circumstances	Identify financial policies and procedures that need review and updating	Jul-11	n/a	n/a	n/a	Jul-11	Jul-11	Achieved	
			Undertake review and update process and submit to Finance and Executive Committee for consideration and approval	Oct-11	n/a	n/a	n/a	Oct-11	Nil	Not achieved	
16		Development of a Fraud and Anti-Corruption Strategy for the Municipality	Identification of all of the risks to which the Municipality and its operation are exposed	Jul-11	n/a	n/a	n/a	Jul-11	Jul-11	Achieved	
			Review all of the internal control measures and mechanisms in place at the Municipality	Aug-11	n/a	n/a	n/a	August 2011	August 2011	Achieved	
			Develop a draft Fraud and Anti-Corruption Strategy for the Municipality	Nov-11	n/a	n/a	n/a	Nov-11	Nil	Not achieved	

		Submit the draft strategy to the Finance and Executive Committee and Council for consideration and approval	Jan-12	n/a	n/a	n/a	Jan-12	Nil	Not achieved
17	Implementation of internship programme within the Directorate	Confirm the availability of funding from the Financial Management Grant	Jul-11	Jul-10	Jul-10	Achieved	Jul-11	Jul-11	Achieved
		Review the internship programme for the 2011 / 2012 financial year	Jul-11	Jul-10	Jul-10	Achieved	Jul-11	Jul-11	Achieved
		Monitoring the implementation of the internship programme	Monthly	12	12	Achieved	12	12	Achieved
		Evaluation of the performance of the interns engaged within the finance function at the Municipality	Quarterly	n/a	n/a	n/a	4	4	Achieved
18	Promotion of SMME and BEE development	Provide advice and guidance to previously disadvantaged individuals with regard to the supply chain management prescriptions and processes	As required	n/a	n/a	n/a	Compliance	Complied	Achieved
		Awarding of tenders to entities that comply with the preferential procurement framework	Minimum 60% in number	n/a	n/a	n/a	Minimum 60% in number	40%	Partially achieved
		Issuing of orders to entities that comply with the preferential procurement framework	Minimum 50% in number	n/a	n/a	n/a	Minimum 50% in number	16%	Not achieved
19	Implementation of Pastel Evolution financial software at the Ujundi Municipality	Pastel Evolution financial system to be fully operational with all data captured	Mid August 2011	n/a	n/a	n/a	Mid August 2011	Nil	Not achieved
		Interface of financial system with payroll software	Jul-11	n/a	n/a	n/a	Jul-11	Nil	Not achieved
		Rollout of financial system to other Directorates within the Municipality	One Directorate per Quarter	n/a	n/a	n/a	4	Nil	Not achieved
20	Consideration of future information technology requirements at the Municipality	Development and approval of an Information Technology Systems Plan for the Municipality	Nov-11	n/a	n/a	n/a	Nov-11	Nov-11	Achieved
		Development and approval of a Risk Management Strategy	May-12	n/a	n/a	n/a	May-12	May-12	Achieved

21	Upgrade the security of the information technology operation at the Municipality	Prepare and finalise an activity plan to enhance the security of the information technology operation at the Municipality	Sep-11	n/a	n/a	n/a	Sep-11	Sep-11	Achieved
		Identify potential sources of funding and prepare business plans to secure funding	Dec-11	n/a	n/a	n/a	Dec-11	Dec-11	Achieved
22	Monitoring and management of the information technology network at the Municipality	Undertake a process of physical verification of information technology equipment	Aug-11	n/a	n/a	n/a	Aug-11	Aug-11	Achieved
		Updating of ar information technology hardware asset register reflecting lifetime and replacement date of each asset	Oct-11	n/a	n/a	n/a	Oct-11	Oct-11	Achieved
		Purchase of Kensington locks to secure information technology hardware	Oct-11	n/a	n/a	n/a	Oct-11	Nil	Not achieved
		Identify information technology hardware due for replacement for budget submission purposes	Nov-11	n/a	n/a	n/a	Nov-11	Nov-11	Achieved
23	Provide strategic direction to the management of the Financial Services Directorate	Number of management meetings held within the Directorate during the 2011 / 2012 financial year	Monthly	12	12	Achieved	12	9	Partially achieved
		Recording of minutes to reflect the deliberations held and decisions taken within the management meetings	Monthly	12	12	Achieved	12	9	Partially achieved
		Number of staff meetings held within the Directorate during the 2011 / 2012 financial year	Minutes within one week of meeting	12	14	Achieved	12	11	Partially achieved
		Prepare and submit monthly reports on the operation of the Directorate to Municipal Manager and Executive and Finance Committee	Monthly	12	12	Achieved	12	12	Partially achieved
		Attend monthly MANCO meetings	Monthly	12	6	Partially achieved	12	10	Partially achieved
		Facilitate and attend monthly Portfolio Committee meetings	Monthly	12	6	Partially achieved	12	10	Partially achieved

24		Reduce the balance on the outstanding debtors' book	Establish the nature and level of customer debt at the commencement of the 2011 / 2012 financial year	Jul-11	n/a	n/a	n/a	n/a		Jul-11	Jul-11	Achieved
			Develop and implement strategies to reduce the level of customer debt	Sep-11	n/a	n/a	n/a	n/a		Sep-11	Sep-11	Achieved
			On a quarterly basis, review the impact of the debt reduction strategies implemented	Quarterly	n/a	n/a	n/a	n/a		4	4	Achieved
			Outstanding debtors' balance as at 30 June 2012	R 40 million	R50 million			Not achieved	R 40 million			Not achieved
25		Management of the collection of revenue from consumers	Ensure that accurate monthly bills are forwarded to customers	Monthly	12	12	Achieved	Achieved	12	12	Achieved	Achieved
			Attend promptly to customer queries on their accounts	48 hour response	Compliance	Complied	Achieved	Compliance	Complied	Achieved	Achieved	Achieved
			Percentage of budgeted rates and refuse removal service income collected	100%	100.00%	50%	Not achieved	100.00%	88%	Partially achieved		
26		Management of the receipt of grant funding	Monitor the receipt of grant funds from national and provincial authorities as reflected in the Municipality's operating and capital budget	Quarterly	4	4	Achieved	4	4	Achieved		
			Ensure that expenditure from grant funding is in accordance with the provisions attached to the grant	Compliance	Compliance	Complied	Achieved	Compliance	Complied	Achieved		
			Preparation of a consolidated report on the receipt and expenditure of grant funds for submission to the Municipal Manager and the Executive and Finance Committee	Monthly report	12	12	Achieved	12	12	Achieved		
27		Exercise financial and fiscal control over the Municipality as a whole	Preparation and submission of monthly expenditure reports for each Directorate within the Municipality to the Directorate concerned	Monthly report	n/a	n/a	n/a	n/a	12	12	Achieved	
			Preparation of updated cash flow projections for the Municipality	Quarterly	n/a	n/a	n/a	n/a	4	4	Achieved	

			Percentage of the budgeted operational expenditure for the 2011 / 2012 financial year actually incurred	96%	96.00%	72%	Partially achieved	96.00%	56%	Not achieved
28		Exercise financial and fiscal control over the Financial Services Directorate	Timely completion of the operational and capital budget inputs for the Directorate in respect of the 2012 / 2013 financial year	Dec-11	Dec-10	Dec-10	Achieved	Dec-11	Dec-11	Not achieved
			Collection of the budgeted revenue for the Directorate in respect of the 2011 / 2012 financial year	100%	100.00%	40%	Not achieved	100.00%	67%	Not achieved
			Containment of expenditure incurred by the Directorate for the 2011 / 2012 financial year within budgetary limits	96%	96%	78%	Not achieved	96%	56%	Not achieved

2011/2012 Annual Performance Report: Community Services

	Objective	Activities	Annual Target	2010/2011 Target			2011/2012 Target		
				Projected	Actual	Achieved/Not achieved	Projected	Actual	Achieved/Not achieved
1	INFRASTRUCTURE AND SERVICE DELIVERY	Collection of refuse from the urban nodes and the central business district	48 collections	48	48	achieved	48	75	achieved
		Weekly collection from urban households in the Municipality's primary and secondary nodes	360 collections	363	360	Partially Achieved	360	365	Achieved
		Daily collection from the Public Intermodal Facility and the old Taxi Rank in Ulundi	48 collections	48	48	Achieved	48	58	Achieved
		Weekly collection from light industries and workshops in the Municipality's primary and secondary nodes	48 collections	48	48	Achieved	48	59	Achieved
		Weekly collection from commercial and business premises in Ulundi	48 collections	48	48	Achieved	48	58	Achieved
		Weekly collection from Government Institutions in Ulundi	48 collections	48	48	Achieved	48	57	Achieved
		Weekly collection from accommodation establishments (hotels and bed and breakfasts) in Ulundi	48 collections	48	48	Achieved	48	59	Achieved
		Weekly collection from undertakers and funeral parlours in Ulundi	48 collections	48	48	Achieved	48	59	Achieved
		Weekly collection from schools in the Municipality's primary and secondary nodes	48 collections	48	48	Achieved	48	59	Achieved
2		Management of the refuse removal service rendered by the external service provider	Weekly	n/a	n/a	n/a	48	56	Achieved
		Monitoring of the standard and reliability of the refuse removal service rendered	Jun-12	n/a	n/a	n/a	Jun-12	Jun-12	Achieved
		Renewal of annual service contract	Monthly	n/a	n/a	n/a	12	12	Achieved
		Meeting with service provider to discuss performance and other matters of interest	Weekly delivery	48	48	Achieved	48	59	Achieved
3		Supply of black plastic refuse bags to urban households	Weekly delivery	48	48	Achieved	48	59	Achieved

4	Provision of a cleansing service within public facilities in Ulundi	Daily cleansing of abutment facilities at the Public Intermodal Facility and the old Taxi Rank in Ulundi	360	n/a	n/a	n/a	360	365	Achieved
		Daily clearing of community halls in Ulu ndi	360	n/a	n/a	n/a	360	365	Achieved
		Daily clearing of all municipal offices on weekdays	260	n/a	n/a	n/a	260	258	Partially achieved
5	Control over vegetation within open spaces and other public facilities in the Municipality	Cutting of the grass and the trimming of trees at street verges, parks, vacant sites and cemeteries	As required	96	96	Achieved	Compliance	Complied	Achieved
		Monthly and bimonthly identification and removal of alien / invader trees, shrubs and plants	18	18	18	Achieved	18	16	Partially achieved
		Digging of graves	As required	Compliance	Complied	Achieved	Compliance	Complied	Achieved
6	6. Improving the aesthetic appearance of the primary and secondary nodes within the Municipality	Design of a plan to plant flowers and ground cover at the King Dinuzulu Highway and Princess Magogo Street Intersection and at Traffic Circle	Sep-11	n/a	n/a	n/a	Sep-11	Sep-11	Achieved
		Planting of flowers and ground cover at the King Dinuzulu Highway and Princess Magogo Street Intersection and at Traffic Circle	Jun-12	n/a	n/a	n/a	Jun-12	Nil	Not achieved
		Establishment and development of attractive flower gardens in public spaces within the town of Ulundi	5 gardens	5	5	Achieved	5	4	Partially achieved
		Planting of fruit trees within rural community in Ward 22 as a greening and poverty alleviation initiative	Dec-11	n/a	n/a	n/a	Dec-11	Dec-11	Not achieved
7	Eradication of weeds within the public open spaces in the Municipality	Monthly and bimonthly implementation of a weed eradication programme at all municipal premises and sports facilities	18	n/a	n/a	n/a	18	16	Partially achieved
8	Provide support to provincial environmental awareness initiatives	Facilitate the arrangement of events within the Municipality to celebrate Arbor month	Sep-11	n/a	n/a	n/a	Sep-11	Sep-11	Achieved
9	Development of reading and communication skills in the Municipality	Registration of local community members as library users	80 new users	120 new users	273 new users	Achieved	80 new users	226 new users	Achieved
		Promotion of literacy month in all of the public libraries within the Municipality	Sep-11	n/a	n/a	n/a	Sep-11	Sep-11	Achieved
		Provision of basic computer and internet training to community members	As required	n/a	n/a	n/a	Compliance	Complied	Achieved

		Provision of photocopying and facsimile service to library users	As required	Compliance	Complied	Achieved		Compliance	Complied	Achieved
10	Extension of access of library facilities to communities within the Municipality	Registration of community members as library users of mobile facility at Ceza nodal point	20 new users	n/a	n/a	n/a		20 new users	119 new users	Achieved
		Undertake an outreach programme to the youth by conducting orientation talks at schools within the Municipality	20 schools	24	80	Achieved		20 schools	27	Achieved
11	Implementation of burial assistance to needy and bereaved families	Finalise the appointment of a service provider to undertake indigent and pauper burials for 2012 / 2013 financial year	May-12	n/a	n/a	n/a		May-12	May-12	Achieved
		Daily processing of applications for indigent burial assistance	As required	Compliance	Complied	Achieved		Compliance	Complied	Achieved
		Provision of graves for indigent burials	As required	Compliance	Complied	Achieved		Compliance	Complied	Achieved
12	SOCIAL AND ECONOMIC DEVELOPMENT	Raise awareness among community members of the HIV / AIDS pandemic	4 campaigns annually	24 campaigns	24 campaigns	Achieved		4 campaigns annually	5 campaigns annually	Achieved
		Undertake publicly campaigns with all stakeholders engaged in Operation Mbo to raise awareness of HIV / AIDS pandemic								
		Identification of places or centres for placing condoms for purpose of ease of accessibility	Monitor sites	Compliance	Complied	Achieved		Compliance	Complied	Achieved
		Establishment of Ward AIDS Committees in each of wards within the Municipality where these are still outstanding	14 committees established	n/a	n/a	n/a		14 committees established	16 committees established	Achieved
		Presentation of an awareness programme on World AIDS Day	Dec-11	n/a	n/a	n/a		Dec-11	Nil	Not achieved
13	Provision of a secretariat function to the operation of the local HIV / AIDS Council	Preparation of agendas for HIV / AIDS Council (LAC)	8 meetings annually	10 meetings annually	10 meetings	Achieved		8 meetings	8 meetings	Achieved
		Recording and distribution of accurate minutes at and for all meetings of HIV / AIDS Council (LAC)	8 meetings annually	11 meetings annually	11 meetings	Achieved		8 meetings annually	8 meetings annually	Achieved
14	Facilitation of meetings of the Communicators' Forum chaired by the Mayor of the Municipality	Preparation and distribution of agendas for meetings of the Communicators' Forum	Monthly	n/a	n/a	n/a		12	12	Achieved
		Facilitate and finalise the logistical arrangements for each of the meetings of the Communicators' Forum	Monthly	n/a	n/a	n/a		12	12	Achieved

			Recording and distribution of accurate minutes at and for all meetings of the Communicators Forum	Monthly	n/a	n/a	n/a	12	12	Achieved
15	Facilitate and finalise arrangements for the staging of an HIV / AIDS conference at a venue within the Municipality	Identify all stakeholders, in collaboration with the Office of the Premier, to be invited to attend conference	Finalise all logistical arrangements to conduct conference within Municipality	Jul-11	n/a	n/a	n/a	Jul-11	Jul-11	Achieved
			Facilitate the holding of the conference at a venue within the Municipality	Feb-12	n/a	n/a	n/a	Feb-12	Feb-12	Achieved
16	Facilitation and support of games for the elderly within the Municipality	Promotion and staging of the Golden Games at ward level	3 events	n/a	n/a	n/a	3 events	3 events	Achieved	
		Facilitate attendance by representatives of Municipality at Golden Games arranged by the Zululand District Municipality	Oct-11	n/a	n/a	n/a	Oct-11	Oct-11	Achieved	
17	Implementation of provisions of Children's Act, Act 35 of 2005, within the Municipality	Attend bimonthly meetings at Office of Premier for programme to promote children's rights	Bimonthly	n/a	n/a	n/a	8	6	Partially achieved	
		Facilitate launch of programme within the service area of the Municipality	Nov-11	n/a	n/a	n/a	Nov-11	Nil	Not achieved	
18	Facilitation and support of local, district and provincial indigenous games	Promotion of indigenous games at ward level	Jul-11	Compliance	Complied	Achieved	Jul-11	Jul-11	Achieved	
		Facilitate attendance by representatives of Municipality at indigenous games arranged by the Zululand District Municipality	Aug-11	n/a	n/a	n/a	Aug-11	Aug-11	Achieved	
		Provide logistical support to community members representing the District at the Provincial indigenous games	Sep-11	n/a	n/a	n/a	Sep-11	Sep-11	Achieved	
19	Facilitation and arrangement of sporting games for the Mayoral Cup	Facilitate and arrange Local Mayoral Cup event for ward / zone representatives from within the Municipality	Sep-11	Compliance	Complied	Achieved	Sep-11	Sep-11	Achieved	
		Facilitate attendance by representatives of Municipality at the District Mayoral Cup Games arranged by the Zululand District Municipality	Oct-11	Compliance	Complied	Achieved	Oct-11	Oct-11	Achieved	

		Support attendance of District representatives from the Uluudi Municipality attending the Kwanaioya Games	Dec-11	Compliance	Complied	Achieved	Dec-11	Achieved	
20	Promotion and arrangement of cultural events	Facilitate the staging of the Local Umbele Wethu Cultural Festival	Jul-11	Compliance	Complied	Achieved	Jul-11	Achieved	
		Facilitate the attendance of participants from the Municipality at the District Umbele Wethu Cultural Festival	Aug-11	Compliance	Complied	Achieved	Aug-11	Achieved	
		Commence process of arranging the 2012 Local Umbele Wethu Cultural Festival	Aug-11	Compliance	Complied	Achieved	Aug-11	Achieved	
21	Engage community structures with regard to construction of community facilities	Undertake a process of consultation with ward committee structures to determine where new community hall is to be constructed	Sep-11	n/a	n/a	n/a	Sep-11	Achieved	
		Compile and forward a business plan to secure funding for the construction of a community hall	Jan-12	n/a	n/a	n/a	Jan-12	Not achieved	
22	DEMOCRACY AND GOVERNANCE	Development of an Integrated Waste Management Plan for the Municipality	Feb-12	Feb-12	Nil	Not achieved	Feb-12	Nil	Not achieved
23		Implementation of the provisions of the Supply Chain Management Policy of the Municipality	As scheduled	Compliance	Complied	Achieved	Compliance	Complied	Achieved
24	INSTITUTIONAL TRANSFORMATION	Provide strategic direction to the management of the Community Services Directorate	Two per Quarter	12	13	Achieved	8	14	Achieved
		Recording of minutes to reflect the deliberations held and decisions taken within the management meetings	Minutes within one week of meeting	12	13	Achieved	8	14	Achieved
		Number of staff meetings held within the Directorate in the 2011 / 2012 financial year	Bimonthly	n/a	n/a	n/a	8	9	Achieved
		Recording of minutes to reflect the deliberations held and decisions taken within the staff meetings	Minutes within one week of meeting	n/a	n/a	n/a	8	9	Achieved

			Prepare and submit monthly reports on the operation of the Directorate to the Municipal Manager and the Executive and Finance Committee	Monthly	12	12	Achieved	12	12	Achieved
			Attend monthly MANCO meetings	Monthly	12	12	Achieved	12	14	Achieved
			Facilitate and attend monthly Portfolio Committee meetings	Monthly	12	12	Achieved	12	14	Achieved
25		Identify resource deficiencies that impact negatively on the Directorate	Identify critical vacant posts for inclusion in the 2012 / 2013 budgetary process	Dec-11	Compliance	Complied	Achieved	Dec-11	Nil	Not achieved
26	FINANCIAL MANAGEMENT	Exercise financial and fiscal control over the Community Services Directorate	Timely submission of the operational and capital budget inputs for the 2012 / 2013 financial year	Dec-11	Compliance	Complied	Achieved	Dec-11	Dec-11	Achieved
			Containment of operational expenditure for the 2011 / 2012 financial year within budgetary limits	96%	n/a	n/a	n/a	96%	96%	Achieved
			Consideration of monthly expenditure reports received from the Financial Services Directorate	Monthly report	n/a	n/a	n/a	12	12	Achieved

2011/2012 ANNUAL PERFORMANCE REPORT: PROTECTION SERVICES

	Objective	Activities	Annual Target	2010/2011				2011/2012			
				Target				Target			
				Projection	Actual	Achieved/Not Achieved	Projection	Actual	Achieved/Not Achieved		
1	INFRASTRUCTURE AND SERVICE DELIVERY	Availability of adequate equipment to undertake the fire fighting function within the Municipality	Follow up application made for funding to purchase additional equipment	Sep-11	n/a	n/a	Sep-11	Nil	Achieved	Not achieved	
			Finalise the equipment purchases in accordance with the funding secured for the 2011 / 2012 financial year	Jun-12	Dec-10	Nil	Jun-12	Nil	Not achieved		
2		Ensure that fire fighting personnel are able to respond to emergency rescue situations	Number of fire fighting personnel trained to deal with one or more of the emergency rescue situations	2	2	Nil	2	Nil	Not achieved		
3		Ensure that attention is paid to fire prevention within the community	Regular inspection of premises whose contents present a potential fire hazard	Monthly			12	100	Achieved		
			Regular inspection of fire extinguishers and fire hydrants	Monthly	12	9	12	397	Achieved		
			Number of household / business and industrial premises where fires were extinguished	As required	Compliance	Complied	Compliance	Complied	Achieved		
4		Effective participation within the district municipality context in addressing the effects of a disastrous event	Undertake the assessment of any disastrous event occurring within the Local Municipality and provide a report with recommendations within a period of 48 hours	As required	Compliance	Achieved	Compliance	Complied	Achieved		
			Submission of a weekly record of disaster situations attended and assistance rendered within the Ullundi municipal area to the Zululand District Municipality	Every Monday	12	12	52	114	Achieved		

5	Provision of an effective security service for Council properties	Regular inspections, both scheduled and unscheduled, to determine the efficacy and reliability of the security service provided by the external service provider	Once a week in each case	24	318	Achieved	96	312	Achieved
		Receive and evaluate monthly reports from the service provider reflecting on activities and incidents for the previous month	Monthly	12	11	Partially Achieved	12	5	Not achieved
6	DEMOCRACY AND GOVERNANCE Ensuring effective law enforcement throughout the municipal area	Planning and execution of road blocks in key traffic areas	12	12	10	Partially Achieved	12	22	Achieved
		Issuing of tickets to traffic offenders	750 per month	9000	5448	Not achieved	9000	11092	Achieved
		Forward information for issuing of summons to traffic offenders to service provider on a monthly basis	Monthly	n/a	n/a	n/a	12	7	Partially Achieved
7	Collection of traffic fine revenue	Monitor the revenue collected on a monthly basis as a consequence of the engagement of the service provider	Monthly record	n/a	n/a	n/a	12	12	Achieved
		Payment of monthly fee to service provider in accordance with contractual provisions	January 2012 and monthly thereafter	n/a	n/a	n/a	6	4	Partially Achieved
		Percentage of budgeted revenue from traffic fines actually collected	96%	96%	75%	Partially Achieved	96%	Nil	Not achieved
8	Maintenance of effective control over the administration of traffic offences	Conduct monthly meetings with service provider responsible for the administration of traffic offences	Monthly meeting	n/a	n/a	n/a	12	2	Not achieved
		Submission by service provider of a monthly report on traffic offence administration	Monthly reports	n/a	n/a	n/a	12		Not achieved
9	Development and approval of an updated disaster management plan for the Ulundi Municipality	Follow up application made for funding to develop an updated disaster management plan for the municipality	Sep-11	n/a	n/a	n/a	Sep-11	Nil	Not achieved

			Once funding has been secured, appoint a service provider to undertake process of development of an updated disaster management plan	Jan-12	n/a	n/a	n/a	Jan-12	Nil	Not achieved
			Submission of draft updated disaster management plan to the Council for consideration and approval	Jun-12	n/a	n/a	n/a	Jun-12	Nil	Not achieved
10		Development of a 24 hour control room within the Ulundi municipal area	Development, approval and submission of a business plan to source funding for the establishment of a 24 hour control room	Jan-12	n/a	n/a	n/a	Jan-12	Nil	Not achieved
			Institute a monthly follow up process on the funding application	Monthly	n/a	n/a	n/a	12	Nil	Not achieved
			Obtain confirmation of availability of funds for the construction of a 24 hour control room		n/a	n/a	n/a	Jun-12	Nil	Not achieved
11	SOCIAL AND ECONOMIC DEVELOPMENT	Ensure that attention is paid to fire prevention within the community	Conducting of community workshops to ensure that community members are empowered in both fire prevention and in the extinguishing of fires	Quarterly workshops	4	1	Not achieved	4	9	Achieved
12		Provision of a comprehensive licence facility	Training of traffic officials in all aspects of the licensing process	Two officials October 2011	Compliance	Complied	Achieved	2	Nil	Not achieved
			Number of learner's licences issued for the 2010 / 2011 financial year	250 per month	n/a	n/a	n/a	3000	1837	Partially Achieved
			PDP licences issued for the 2011 / 2012 financial year	150 per month	1800	974	Not achieved	1800	1745	Partially Achieved
			Maintain statistical information on a monthly basis regarding the operation of the licence facility at the Municipality	Monthly	12	12	Achieved	12	6	Partially Achieved

13	INSTITUTIONAL TRANSFORMATION	Provide strategic direction to the management of the Protection Services Directorate	Number of management meetings held within Directorate during 2011 / 2012 financial year	Monthly	12	4	Not achieved	12	5	Not achieved
			Recording of minutes to reflect the deliberations held and decisions taken within the management meetings	Minutes within one week of meeting	12	4	Not achieved	12	5	Not achieved
			Number of staff meetings held within the Directorate during 2011 / 2012 financial year	Monthly	12	5	Not achieved	12	9	Partially Achieved
			Recording of minutes to reflect matters addressed during staff meetings	Minutes within one week of meeting	12	5	Not achieved	12	9	Partially Achieved
			Prepare and submit monthly reports on the operation of the Directorate to the Municipal Manager and the Executive and Finance Committee	Monthly	12	12	Achieved	12	10	Partially Achieved
			Attend monthly MANCO meetings	Monthly	12	13	Achieved	12	5	Not achieved
			Facilitate and attend monthly Portfolio Committee meetings	Monthly	12	5	Not achieved	12	4	Not achieved
14		Identify resource deficiencies that impact negatively on the ability of the Directorate to implement its mandate	Identify equipment replacement and enhancement needs for inclusion in the 2012 / 2013 budgetary process	Dec-11	Dec-10	Dec-10	Achieved	Dec-11	Dec-11	Achieved
			Identify critical vacant posts for inclusion in the 2012 / 2013 budgetary process	Dec-11	Dec-10	Dec-10	Achieved	Dec-11	Dec-11	Achieved
15	FINANCIAL MANAGEMENT	Exercise financial and fiscal control over the Protection Services Directorate	Timely submission of the operational and capital budget inputs for the 2012 / 2013 financial year	Dec-11	Dec-10	Dec-10	Achieved	Dec-11	Dec-11	Achieved
			Containment of operational expenditure for the 2011 / 2012 financial year within budgetary limits	92%	92%	74%	Partially Achieved	92%	48%	Not achieved
			Consideration of monthly expenditure reports received from the Financial Services Directorate	Monthly report	12	12	Achieved	12	3	Not achieved

INFRASTRUCTURE PROJECTS

4.

MIG PROJECTS- FINANCIAL YEAR 2011/2012 1 21
(R22 011 000.00)

Name of Project	Scope of work	Status
Unit A entrance road	Construction of Unit A road-blacktop surface (1.5 km)	The project is 100% completion
Babanango collector road	Construction of Babanango access roads (approx. 3.5km)-black top surface	The project is 99.5% completion
Unit B-Mbangayiya roads	Construction of Mbangayiya access roads (approx. 4km) – blacktop surface.	The project is 80% completion
Market Stalls	Erection of Market Stalls & public toilets at an old Taxi rank	The project is 98% completion
Ulundi Park	Construction of Ulundi Park	The project is 98% completion
White City Township	Construction of access roads at White city T/Sip(approx. 2km)	The project is 60% completion
Mahlabathini Town access roads	Construction of access roads (approx. 2.7km) – 1km blacktop surface & +-1.7km paving bricks	The project is 45% completion

MIG PROJECTS –FINANCIAL YEAR 2012/2013

White City T/Ship	Construction of access roads (i.e. construction)	The project is 85% completion
Mahlabathini Town access roads phase 2	Construction of access roads in Mahlathini Town	The project is 65% completion
Unit B-South rehabilitation of roads	Rehabilitation of access roads in Unit B-South black top surface	The project is 85% completion
Nqulwane Sports field	Construction of Nqulwane sportsfield, erection of concrete fencing, ablation blocks and changing rooms	The project is 45% completion
Electrification Ward 1	Electrification of 600 houses	The project is 20% completion

Registered projects (i.e. approved projects by MIG)

- Mahlathini Sportsfield
- Babanango Sportsfield
- Babanango Community Hall
- Upgrading of multi purpose centre
- Renovation of community halls (i.e. Unit-A & Unit B-South halls)

Completed Projects

- Ulundi CBD roads phase 3
- Upgrade of Ntukwini and St Francis cemeteries
- Street & highmast lights phase 2.
- Babanango collector road
- Unit A entrance road.

Projects still awaiting approval by MIG

- Unit C Rehabilitation of roads.
- Unit D Rehabilitation of roads
- Mpungamhlophe Sportsfield
- Construction of Mpungamhlophe T/Ship access roads.
- New Cemetery at Mpungamhlophe T/Ship
- Extension of Municipal Offices: Electrical Department.
- Erection of car ports (i.e shelter for the vehicles.)

2011/2012 DRAFT ASSESSMENT OUTCOMES

5.

FINAL

[illegible]

Corporate Services				
Annual Performance Assessment				
Name: NG ZULLU				
Cycle: Jul-11 to Jun-12				
KPA	Weight	Rating	Score	CCR
1	5.00%	3	0.15	1
2	5.00%	3	0.15	2
3	5.00%	3	0.15	3
4	5.00%	3	0.15	4
5	5.00%	3	0.15	5
6	5.00%	3	0.15	6
7	5.00%	3	0.15	7
8	5.00%	3	0.15	
9	5.00%	3	0.15	
10	5.00%	4	0.2	
11	5.00%	4	0.2	
12	5.00%	3	0.15	
13	5.00%	3	0.15	
14	5.00%	3	0.15	
15	5.00%	3	0.15	
16	5.00%	3	0.15	
17	5.00%	4	0.2	
18	5.00%	3	0.15	
19	5.00%	3	0.15	
20	5.00%	3	0.15	
21	5.00%	3	0.15	
22	5.00%	3	0.15	

2	3	4	3	4
3	2	3	3	3
3	3	2	3	3
3	4	3	2	4
3	3	3	3	3

23	5.00%	3	0.15	
24	5.00%	3	0.15	
25	5.00%	3	0.15	
26	5.00%	3	0.15	
27	5.00%	3	0.15	
28	5.00%	3	0.15	
29	5.00%	4	0.2	
30	5.00%	3	0.15	
31	5.00%	4	0.2	
32	5.00%	3	0.15	
33	5.00%	3	0.15	
34	5.00%	3	0.15	
34	5.00%	4	0.2	
35	5.00%	3	0.15	
180%		190	35%	58.3333
KPA weight		80%	CCR weight	20%
KPA SCORE		152%	CCR SCORE	12%
FINAL SCORE				164%

KPA's

	ASSESSMENT				FINAL	
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	SCORE	Weight
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						

Technical Services
Annual Performance Assessment

Name: WC DE WET
Cycle: Jul-11 to Jun-12

KPA				CCR			
	Weight	Rating	Score		Weight	Rating	Score
1	5.00%	3	0.15	1	5.00%	5	0.25
2	5.00%	3	0.15	2	5.00%	5	0.25
3	5.00%	4	0.2	3	5.00%	5	0.25
4	5.00%	3	0.15	4	5.00%	5	0.25
5	5.00%	3	0.15	5	5.00%	5	0.25
6	5.00%	3	0.15	6	5.00%	5	0.25
7	5.00%	3	0.15	7	5.00%	5	0.25
8	5.00%	3	0.15				
9	5.00%	3	0.15				
10	5.00%	3	0.15				
11	5.00%	4	0.2				
12	5.00%	4	0.2				
13	5.00%	3	0.15				
14	5.00%	3	0.15				
15	5.00%	3	0				
16	5.00%	2	0.1				
17	5.00%	2	0.1				
18	5.00%	3	0.15				
19	5.00%	3	0.15				
20	5.00%	3	0.15				
21	5.00%	3	0.15				
22	5.00%	3	0.15				
23	5.00%	3	0.15				
24	5.00%	3	0.15				
25	5.00%	4	0.2				
26	5.00%	3	0.15				
27	5.00%	3	0.15				
28	5.00%	3	0.15				

29	5.00%	3	0.15	
30	5.00%	3	0.15	
31	5.00%	3	0.15	
	155%		153.33	
KPA weight			80%	CCR weight
KPA SCORE			123%	CCR SCORE
FINAL SCORE				
				58.33
				20%
				33%
				156%

Annual Performance Assessment
Assessment Rating Calculator

Name: JH MH-ONGO
Cycle: Jul-11 to Jun-12

ASSESSMENT					FINAL				
KPA's	Quarter 1	Quarter 2	Quarter 3	Quarter 4	SCORE	Weight	KPA	Weight	Rating
1	3	3	3	3	3	3	1	5.00%	3
2	3	3	3	3	3	3	2	5.00%	3
3	3	3	3	3	3	3	3	5.00%	3
4	3	3	3	3	3	3	4	5.00%	3
5	3	3	3	3	3	3	5	5.00%	3
6	3	3	3	3	3	3	6	5.00%	3
7	3	3	3	3	3	3	7	5.00%	3
8	3	3	3	3	3	3	8	5.00%	3
9	3	3	3	3	3	3	9	5.00%	3
10	3	3	3	3	3	3	10	5.00%	3
11	3	3	3	3	3	3	11	5.00%	3
12	3	3	3	3	3	3	12	5.00%	3
13	3	3	3	3	3	3	13	5.00%	3
14	3	3	3	3	3	3	14	5.00%	3
15	3	3	3	3	3	3	15	5.00%	3
16	3	3	3	3	3	3	16	5.00%	3
17	3	3	3	3	3	3	17	5.00%	3
18	3	3	3	3	3	3	18	5.00%	3
19	3	3	3	3	3	3	19	5.00%	3
20	3	3	3	3	3	3	20	5.00%	3
21	3	3	3	3	3	3	21	5.00%	3
22	3	3	3	3	3	3	22	5.00%	3
23	3	3	3	3	3	3	23	5.00%	3
24	3	3	3	3	3	3	24	5.00%	3
25	3	3	3	3	3	3	25	5.00%	3
26	3	3	3	3	3	3	26	5.00%	3
27	3	3	3	3	3	3	27	5.00%	3
28	3	3	3	3	3	3	28	5.00%	3
KPA weight					140%	141.67	CCR weight		
KPA SCORE					80%	113%	CCR SCORE		
FINAL SCORE							CCR weight		
							CCR SCORE		
							35%		
							58.333		
							20%		
							12%		
							125%		

ASSESSMENT

AL

KPA's	Quarter 1	Quarter 2	Quarter 3	Quarter 4	SCORE	Weight
1	4	4	4	4	4	4
2	2	3	3	3	3	3
3	3	3	3	3	3	3
4	3	3	4	2	3	3
5	3	3	2	3	3	3
6	2	2	1	2	2	2
7	3	2	3	2	3	3
8	3				3	3
9	3		3		3	3
10	3	3	3	3	3	3
11	3	3	3	3	3	3
12	3	2	3	2	3	3
13	3	1	2	3	3	3
14	3	1	2	1	2	2
15	3	1	2		2	2
16	3	1	2		2	2
17	3	2	3		3	3
18	3			3	3	3
19	2	3			3	3
20	3			3	3	3
21	2		2		2	2
22			2		2	2
23	3	1	1	2	3	3
24	3	3	3	3	3	3
25		1			1	1
26	1	1	2	1	2	2

Community Services

Annual Performance Assessment

Name: MH Mtshali
Cycle: Jul-11 to Jun-12

KPA	Weight	Rating	Score	CCR	Weight	Rating	Score
1	5.00%	4	0.2	1	5.00%	5	0.25
2	5.00%	3	0.15	2	5.00%	5	0.25
3	5.00%	3	0.15	3	5.00%	5	0.25
4	5.00%	3	0.15	4	5.00%	5	0.25
5	5.00%	3	0.15	5	5.00%	5	0.25
6	5.00%	2	0.1	6	5.00%	5	0.25
7	5.00%	3	0.15	7	5.00%	5	0.25
8	5.00%	3	0.15				
9	5.00%	3	0.15				
10	5.00%	3	0.15				
11	5.00%	3	0.15				
12	5.00%	3	0.15				
13	5.00%	3	0.15				
14	5.00%	2	0.1				
15	5.00%	2	0.1				
16	5.00%	3	0.15				
17	5.00%	3	0.15				
18	5.00%	3	0.15				
19	5.00%	3	0.15				
20	5.00%	3	0.15				
21	5.00%	2	0.1				
22	5.00%	2	0.1				
23	5.00%	3	0.15				
24	5.00%	3	0.15				
25	5.00%	1	0.05				
26	5.00%	2	0.1				
KPA weight				CCR weight			
130%				35%			
KPA SCORE				CCR SCORE			
118.333				58.3333			
KPA weight				CCR weight			
80%				20%			
KPA SCORE				CCR SCORE			
95%				12%			
FINAL SCORE				106%			

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ASSESSMENT					FINAL	
KPA's	Quarter 1	Quarter 2	Quarter 3	Quarter 4	SCORE	Weight
1	1			1	1	
2	2				2	
3	4	3		3	4	
4	4	4	3	3	4	
5	3	4	3	3	4	
6	4	4	4	3	4	
7	3	2	4	5	4	
8	2	2	3	3	3	
9	2		2	3	2	
10			2	1	2	
11	4	4	1	1	1	
12		3	5	4	5	
13	3	3	3	5	3	
14		3	2	2	3	
15	3	2	2	2	2	

Protection Services									
Annual Performance Assessment									
Name: M.B. KHALI									
Cycle: Jul-11 to Jun-12									
KPA	Weight	Rating	Score	CCR	Weight	Rating	Score		
1	5.00%	1	0.05	1	5.00%	5	0.25		
2	5.00%	2	0.1	2	5.00%	3	0.15		
3	5.00%	4	0.2	3	5.00%	5	0.25		
4	5.00%	4	0.2	4	5.00%	4	0.2		
5	5.00%	4	0.2	5	5.00%	3	0.15		
6	5.00%	4	0.2	6	5.00%	3	0.15		
7	5.00%	3	0.15	7	5.00%	5	0.25		
8	5.00%	2	0.1						
9	5.00%	2	0.1						
10	5.00%	1	0.05						
11	5.00%	5	0.25						
12	5.00%	3	0.15						
13	5.00%	3	0.15						
14	5.00%	3	0.15						
15	5.00%	2	0.1						
75%			71.6667	35%			46.6667		
KPA weight			80%	CCR weight			20%		
KPA SCORE			57%	CCR SCORE			9%		
FINAL SCORE							67%		

2011/2012 AUDITOR GENERAL'S REPORT

6.

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL
LEGISLATURE AND THE COUNCIL ON ULUNDI MUNICIPALITY
REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Ulundi Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMFA) and the Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Umlandi Municipality as at 30 June 2012, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Going concern

8. As disclosed in note 46.3 the annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next twelve months. Immediate indication of going concern problems include unspent conditional grants totalling R11,917 million and consumer deposits totalling R1,485 million not cash backed.

Unauthorised expenditure

9. Unauthorised expenditure totalling R3,143 million was incurred as a result of overspending on the budget in respect of employee cost. This amount has been disclosed in note 37.3 in the financial statements.

Material losses

10. As disclosed in note 45 to the financial statements, the municipality suffered distribution losses to the value of R15,366 million during the financial year under review. This equates to 43,21% of the units purchased for the year.

Restatement of corresponding figures

11. As disclosed in note 48 to the financial statements, the corresponding figures for 2010-11 financial years have been restated as a result of errors discovered in 2011-12 financial statements for the year ended 30 June 2011.

Fruitless and Wasteful expenditure

12. As disclosed in note 37 to the financial statements, the municipality has disclosed fruitless and wasteful expenditure of R917 000.

Additional

13. I draw attention to the matters below. My opinion is not modified in respect of this matter.

Unaudited supplementary information

14. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance

with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

16. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages xx to xx of the annual report.

17. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information (FMPPi)*. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

18. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

19. I performed procedures to obtain evidence that the Umlund Municipality had complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations, as set out in the *General Notice* issued in terms of the PAA, are as follows:

Annual financial statements

20. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of capital assets, investment property, unauthorised expenditure and disclosure items identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

21. The accounting officer did not take reasonable steps to prevent unauthorised expenditure totalling R3,143 million, as required by section 62(1)(d) of the MFMA.

22. Monies owing were not always paid within 30 days of receiving an invoice or statement, as required by section 65(2) of the MFMA.

Strategic planning and performance management

23. The municipality did not make public within 14 days of the adoption of the integrated development plan by council as required by section 24(4) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Budgets

24. The municipality did not submit the approved budget within 10 working days of the approval by council and the service delivery budget implementation plan within three months of the approval of the plan by the mayor as required by section 20(2)(b) of the MFMA.
25. The municipal manager did not make public the approved service delivery and budget implementation plan plans within 10 days after they were approved by the mayor, as required by section 21(a) of the MSA and municipal budget and reporting regulation 19 (GNR 393 of 17 April 2009).

Internal control

26. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

27. Management has not exercised oversight of the financial statement preparation, asset register and compliance with regulations relating to performance information as material misstatements were identified in the financial statements during the audit.

Financial and performance management

28. Management has not implemented adequate controls to ensure that the financial statements are prepared in accordance with the Standards of GRAP and are supported by accurate and reliable evidence, as material misstatements were identified in the financial statements during the audit.

Auditor-General

Pietermaritzburg

30 November 2012



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

7. 2007 – TODAY: ELECTRICITY VS. EXPENDITURE

31 JULY 2007 - 30 JUNE 2008

MONTH	COLLECTED	BILLING	PROFIT/LOSS
JUL-07	221 761.40		
PREPAID	171 357.55		
CONVENTIONAL	429 404.63		
BASIC	26 870.56		
TAMPERING			
RECONNECTION FEE	6 954.98		
TOTAL	856 349.12	1 749 695.51	-893 346.39
AUG-07			
PREPAID	407 249.15		
CONVENTIONAL	289 783.30		
BASIC	420 415.26		
TAMPERING	27 063.97		
RECONNECTION FEE	1 606.96		
TOTAL	1 146 118.64	1 778 740.52	-632 621.88
SEP-07			
PREPAID	256 057.03		
CONVENTIONAL	236 436.95		
BASIC	509 944.83		
TAMPERING	27 063.97		
RECONNECTION FEE	1 805.66		
TOTAL	1 039 792.07	951 041.59	88 750.48
OCT-07			
PREPAID	508 797.35		
CONVENTIONAL	140 409.21		
BASIC	435 959.61		
TAMPERING	27 063.97		
RECONNECTION FEE	3 125.38		
TOTAL	1 117 987.10	999 031.05	118 956.05
NOV-07			
PREPAID	267 445.60		
CONVENTIONAL	126 755.58		
BASIC	365 350.00		
TAMPERING	26 870.56		
RECONNECTION FEE	1 754.38		
TOTAL	789 749.16	873 206.91	-83 457.75
DEC-07			
PREPAID	278 086.81		
CONVENTIONAL	99 958.98		
BASIC	364 575.53		
TAMPERING	26 870.56		
RECONNECTION FEE	280.90		
TOTAL	769 772.78	925 958.17	-156 185.39
JAN-08			
PREPAID	643 020.84		
CONVENTIONAL	138 490.81		
BASIC	525 555.55		
TAMPERING	26 870.56		
RECONNECTION FEE	2 134.98		
TOTAL	1 336 072.74	878 414.60	457 658.14
FEB-08			
PREPAID	1 040 768.25		
CONVENTIONAL	97 601.90		
BASIC	439 167.90		
BASIC	26 870.56		

ESKOM BILLING FOR THE YEAR ENDING 2008/2009

MONTH	COLLECTED	BILLING	PROFIT/LOSS
Jul-08	682 565.59		
PREPAID			
CONVENTIONAL	127 678.59		
BUSINESS	361 556.60		
BASIC	26 922.83		
TAMPERING	1 200.67		
RECONNECTION FEE	4 585.48		
TOTAL	1 204 509.76	2 350 403.27	-1 145 893.51
Aug-08			
PREPAID	911 106.46		
CONVENTIONAL	184 261.82		
BUSINESS	599 518.46		
BASIC	36 324.03		
TAMPERING	1 804.38		
RECONNECTION FEE	4 261.34		
TOTAL	1 737 276.49	2 375 695.03	-638 418.54
Sep-08			
PREPAID	761 235.78		
CONVENTIONAL	529 163.09		
BUSINESS	489 955.59		
BASIC	36 324.30		
TAMPERING	785.33		
RECONNECTION FEE	1 783.98		
TOTAL	1 819 248.07	1 377 250.59	441 997.48
Oct-08			
PREPAID	750 480.00		
CONVENTIONAL	269 167.80		
BUSINESS	256 029.19		
BASIC	36 585.26		
TAMPERING	877.19		
RECONNECTION FEE	5 847.73		
TOTAL	1 318 987.17	1 361 599.40	-42 612.23
Nov-08			
PREPAID	873 067.09		
CONVENTIONAL	174 155.89		
BUSINESS	618 775.61		
BASIC	36 585.26		
TAMPERING	3 621.04		
RECONNECTION FEE	16 518.39		
TOTAL	1 722 723.28	1 350 845.79	371 877.49
Dec-08			
PREPAID	459 769.41		
CONVENTIONAL	150 503.77		
BUSINESS	372 642.40		
BASIC	36 585.26		
TAMPERING	-		
RECONNECTION FEE	4 534.97		
TOTAL	1 024 035.81	1 375 795.14	-351 759.33
Jan-09			
PREPAID	525 725.01		
CONVENTIONAL	154 729.71		
BUSINESS	649 905.03		
BASIC	36 585.26		

TAMPERING			
RECONNECTION FEE	6 205.70		
TOTAL	1 373 150.71	1 399 293.82	-26 143.11
PREPAID	671 039.66		
CONVENTIONAL	157 090.94		
BUSINESS	709 593.74		
BASIC	36 324.03		
TAMPERING	877.19		
RECONNECTION FEE	58 127.66		
TOTAL	1 633 053.22	1 319 521.52	313 531.70
PREPAID	789 381.94		
CONVENTIONAL	153 141.36		
BUSINESS	882 538.79		
BASIC	48 340.61		
TAMPERING	3 508.88		
RECONNECTION FEE	2 088.47		
TOTAL	1 879 000.05	1 608 945.42	270 054.63
PREPAID	735 793.43		
CONVENTIONAL	192 400.32		
BUSINESS	724 488.38		
BASIC	48 601.84		
TAMPERING	2 631.60		
RECONNECTION FEE	2 506.21		
TOTAL	1 706 421.78	1 430 015.31	276 406.47
PREPAID	825 663.16		
CONVENTIONAL	143 530.10		
BUSINESS	620 274.53		
BASIC	48 340.61		
TAMPERING	1 754.38		
RECONNECTION FEE	10 979.35		
TOTAL	1 650 542.13	1 475 068.90	175 473.23
PREPAID	922 629.80		
CONVENTIONAL	144 827.99		
BUSINESS	1 262 075.00		
BASIC	47 295.69		
TAMPERING	-		
RECONNECTION FEE	10 143.92		
TOTAL	2 386 972.40	2 443 242.90	-56 270.50
	19 455 920.87	19 867 677.09	-411 756.22

Prepared By: N.L. Mngomezulu

Date: 12/12/2012

Reviewed By: Revenue Manager

Date: 12/12/12

Approved By: C.F.O.

Date: 12/12/12

ESKOM BILLING FOR THE YEAR ENDING 2009/2010			
31 JULY 2009 - 30 JUNE 2010			
MONTH	COLLECTED	BILLING	PROFIT/LOSS
Jul-09	1 016 117.36		
PREPAID			
CONVENTIONAL	159 801.57		
BUSINESS	598 197.87		
BASIC	47 295.69		
TAMPERING	4 561.40		
RECONNECTION FEE	7 988.66		
TOTAL	1 833 962.55	3 866 199.57	-2 032 237.02
Aug-09			
PREPAID	1 413 126.52		
CONVENTIONAL	288 672.68		
BUSINESS	685 773.01		
BASIC	47 295.69		
TAMPERING	13 684.19		
RECONNECTION FEE	7 139.00		
TOTAL	2 455 691.09	3 592 830.83	-1 137 139.74
Sep-09			
PREPAID	1 069 545.60		
CONVENTIONAL	210 355.38		
BUSINESS	490 184.43		
BASIC	47 034.46		
TAMPERING	9 473.67		
RECONNECTION FEE	13 156.46		
TOTAL	1 839 750.00	1 882 418.11	-42 668.11
Oct-09			
PREPAID	910 074.22		
CONVENTIONAL	270 724.34		
BUSINESS	1 569 180.04		
BASIC	62 789.53		
TAMPERING	14 736.82		
RECONNECTION FEE	23 744.06		
TOTAL	2 851 249.01	1 906 664.32	944 584.69
Nov-09			
PREPAID	1 162 880.27		
CONVENTIONAL	210 966.85		
BUSINESS	1 123 147.71		
BASIC	62 089.43		
TAMPERING	14 736.82		
RECONNECTION FEE	16 228.20		
TOTAL	2 590 049.28	1 824 872.11	765 177.17
Dec-09			
PREPAID	729 189.61		
CONVENTIONAL	202 884.50		
BUSINESS	790 738.26		
BASIC	61 739.38		
TAMPERING	6 315.78		
RECONNECTION FEE	35 943.26		
TOTAL	1 826 810.79	1 911 094.80	-84 284.01
Jan-10			
PREPAID	1 687 810.52		
CONVENTIONAL	163 871.45		
BUSINESS	1 038 289.80		
BASIC	62 439.48		

TAMPERING	5 526.31		
RECONNECTION FEE	56 579.40		
TOTAL	3 014 516.96	1 898 670.41	1 115 846.55
PREPAID	872 475.40		
CONVENTIONAL			
BUSINESS			
BASIC			
TAMPERING			
RECONNECTION FEE			
TOTAL	872 475.40	1 701 152.66	-828 677.26
PREPAID	1 144 957.11		
CONVENTIONAL			
BUSINESS			
BASIC			
TAMPERING	10 526.30		
RECONNECTION FEE	16 447.50		
TOTAL	1 171 930.91	1 911 050.50	-739 119.59
PREPAID	1 067 413.13		
CONVENTIONAL	231 805.09		
BUSINESS	726 248.04		
BASIC	62 789.53		
TAMPERING	3 157.89		
RECONNECTION FEE	26 754.60		
TOTAL	2 118 168.28	1 903 021.85	215 146.43
PREPAID	1 105 711.48		
CONVENTIONAL	168 224.02		
BUSINESS	736 330.64		
BASIC	62 789.53		
TAMPERING	6 315.78		
RECONNECTION FEE	21 710.70		
TOTAL	2 101 082.15	1 961 886.83	139 195.32
PREPAID	1 237 518.65		
CONVENTIONAL	181 688.96		
BUSINESS	795 826.82		
BASIC	63 139.58		
TAMPERING	4 210.52		
RECONNECTION FEE	11 403.60		
TOTAL	2 293 788.13	3 866 676.18	-1 572 888.05
	24 969 474.55	28 226 538.17	-3 257 063.62

Prepared By: N.L. Mngomezulu

N. Mngomezulu

Date: 12/12/2012

Reviewed By: Revenue Manager

[Signature]

Date: 12/12/12

Approved By: C.F.O.

[Signature]

Date: 12/12/12

MONTH	COLLECTED	BILLING	PROFIT/LOSS
JUL-10	1 006 853.56		
PREPAID	310 847.07		
CONVENTIONAL	1 436 876.64		
BUSINESS	76 704.72		
BASIC	9 298.23		
TAMPERING	58 114.50		
RECONNECTION FEE	2 898 694.72	4 641 255.52	-1 742 560.80
TOTAL			
AUG-10	1 595 524.56		
PREPAID	264 072.72		
CONVENTIONAL	1 118 758.25		
BUSINESS	77 130.10		
BASIC	9 649.11		
TAMPERING	31 579.20		
RECONNECTION FEE	3 096 713.94	4 453 623.82	-1 356 909.88
TOTAL			
SEP-10	1 265 658.76		
PREPAID	235 303.91		
CONVENTIONAL	189 766.59		
BUSINESS	892 004.85		
BASIC	76 704.72		
TAMPERING	7 368.41		
RECONNECTION FEE	41 886.30		
TOTAL	2 519 392.39	2 173 525.10	345 867.29
NOV-10	1 300 223.69		
PREPAID	145 376.68		
CONVENTIONAL	794 766.14		
BUSINESS	107 871.25		
BASIC	5 263.15		
TAMPERING	21 930.00		
RECONNECTION FEE	2 375 430.91	2 156 046.36	219 384.55
TOTAL			
DEC-10	1 479 028.49		
PREPAID	22 712.81		
CONVENTIONAL	231 369.09		
BUSINESS	71 355.56		
BASIC	4 210.52		
TAMPERING	31 798.50		
RECONNECTION FEE	1 840 504.97	2 182 980.69	-342 475.72
TOTAL			
JAN-11	1 442 783.45		
PREPAID	118 636.07		
CONVENTIONAL	2 145 015.71		
BUSINESS	71 355.56		
BASIC	10 526.30		
TAMPERING	37 500.30		
RECONNECTION FEE	3 825 817.39	2 176 573.03	1 649 244.36
TOTAL			
FEB-11	1 226 268.19		
PREPAID	147 538.79		
CONVENTIONAL	849 093.70		
BUSINESS	69 228.66		
BASIC			

TAMPERING	5 263.15		
RECONNECTION FEE	24 780.90		
TOTAL	2 322 173.39	2 109 455.10	212 718.29
PREPAID	1 434 232.67		
CONVENTIONAL	108 945.49		
BUSINESS	944 376.22		
BASIC	908 503.40		
TAMPERING	4 210.52		
RECONNECTION FEE	39 035.40		
TOTAL	3 439 303.70	2 350 875.02	1 088 428.68
PREPAID	1 524 485.09		
CONVENTIONAL	74 991.07		
BUSINESS	1 046 066.04		
BASIC	415 487.98		
TAMPERING	3 157.89		
RECONNECTION FEE	11 403.60		
TOTAL	3 075 591.67	2 223 664.20	851 927.47
PREPAID	1 918 968.53		
CONVENTIONAL	66 968.17		
BUSINESS	747 394.80		
BASIC	387 412.90		
TAMPERING	2 105.26		
RECONNECTION FEE	13 772.03		
TOTAL	3 136 621.69	2 322 381.89	814 239.80
PREPAID	1 551 536.31		
CONVENTIONAL	88 119.79		
BUSINESS	814 449.35		
BASIC	69 654.04		
TAMPERING	5 263.15		
RECONNECTION FEE	53 947.80		
TOTAL	2 582 970.44	4 429 566.65	-1 846 596.21
	33 916 450.29	33 540 505.54	375 944.75

Prepared By: N.L. Mingomezulu
 Date: 12/12/2012

Reviewed By: Revenue Manager
 Date: 12/12/2012

Approved By: C.F.O.
 Date: 12/12/2012

ELECTRICITY COLLECTION VS ESKOM 2011/2012			
COLLECTED	PAID TO	PROFIT /	
	ESKOM	LOSS	
11-Jul			
500061- PREPAID	1 266 440.00		
500062- CONVENTIONAL	133 415.09		
500063- BUSINESS	1 114 758.17		
500071- BASIC	70 930.18		
500015- RECON FEE	33 522.24		
500014- TEMPERING FEE	2 105.26		
TOTALS	2 621 170.94	6 109 186.34	-3 488 016.34

500061- PREPAID	1 812 006.12		
500062- CONVENTIONAL	117 208.27		
500063- BUSINESS	171 293.34		
500071- BASIC	86 067.39		
500015- RECON FEE	22 728.23		
500014- TEMPERING FEE	11 578.93		
TOTALS	2 220 882.28	5 993 924.13	-3 773 041.85
11-Aug			

500061- PREPAID	1 564 010.00		
500062- CONVENTIONAL	815 606.67		
500063- BUSINESS	1 174 003.82		
500071- BASIC	101 647.40		
500015- RECON FEE	24 342.30		
500014- TEMPERING FEE	11 901.74		
TOTALS	3 691 511.93	2 871 419.39	820 092.54
11-Sep			

500061- PREPAID	1 272 685.00		
500062- CONVENTIONAL	68 305.89		
500063- BUSINESS	496 462.32		
500071- BASIC	113 110.91		
500015- RECON FEE	48 684.60		
500014- TEMPERING FEE	7 368.41		
TOTALS	2 006 617.13	2 858 546.74	-851 929.61
11-Oct			

500061- PREPAID	1 523 020.80		
500062- CONVENTIONAL	462 301.32		
500063- BUSINESS	1 385 161.61		
500071- BASIC	110 592.37		
500015- RECON FEE	34 500.25		
500014- TEMPERING FEE	2 105.26		
TOTALS	3 517 681.61	2 787 133.96	730 547.65
11-Nov			

11-Dec			
500061- PREPAID	1 690 585.00		
500062- CONVENTIONAL	464 935.59		
500063- BUSINESS	1 066 458.60		
500071- BASIC	105 223.31		
500015- RECON FEE	15 131.70		
500014- TEMPERING FEE	NIL		
TOTALS	3 342 334.20	2 800 624.06	541 710.14

12-Jan			
500061- PREPAID	1 240 146.00		
500062- CONVENTIONAL	458 051.66		
500063- BUSINESS	987 654.51		
500071- BASIC	114 895.21		
500015- RECON FEE	31 561.63		
500014- TEMPERING FEE	3 157.89		
TOTALS	2 835 466.90	2 893 445.59	-66 854.45

12-Feb			
500061- PREPAID	1 354 905.00		
500062- CONVENTIONAL	147 538.79		
500063- BUSINESS	849 093.70		
500071- BASIC	107 933.11		
500015- RECON FEE	21 416.82		
500014- TEMPERING FEE	5 789.47		
TOTALS	2 486 676.89	2 902 321.35	-415 644.46

12-Mar			
500061- PREPAID	1 812 470.00		
500062- CONVENTIONAL	108 945.49		
500063- BUSINESS	1 240 860.45		
500071- BASIC	108 957.27		
500015- RECON FEE	24 123.00		
500014- TEMPERING FEE	12 061.40		
TOTALS	3 307 417.61	2 994 696.38	312 721.23

12-Apr			
500061- PREPAID	1 241 350.00		
500062- CONVENTIONAL	74 991.07		
500063- BUSINESS	1 306 527.79		
500071- BASIC	106 908.95		
500015- RECON FEE	22 149.30		
500014- TEMPERING FEE	16 842.08		
TOTALS	2 768 769.19	2 988 428.37	-219 659.18

12-May			
500061- PREPAID	1 534 275.00		
500062- CONVENTIONAL	66 968.17		

500063- BUSINESS	1 098 059.29		
500071- BASIC	105 884.79		
500015- RECON FEE	41 447.70		
500014- TEMPERING FEE	12 631.56		
TOTALS	2 859 266.51	3 158 325.22	-299 058.71
12-Jun			
500061- PREPAID	1 596 762.45		
500062- CONVENTIONAL	150 762.99		
500063- BUSINESS	1 149 081.69		
500071- BASIC	160 692.92		
500015- RECON FEE	25 091.30		
500014- TEMPERING	76 535.00		
TOTALS	3 158 926.35	5 888 592.29	-2 729 665.94
FINAL TOTALS	33 185 183.42	44 255 519.58	-11 070 336.16

Prepared By: N.L. Mngomezulu
 Reviewed By: Revenue Manager
 Approved By: C.F.O.

Date: 12/12/2012
 Date: 12/12/2012
 Date: 12/12/2012

31 JULY 2012-30 JUNE 2013

MONTH	COLLECTED	ESKOM BILLING	PROFIT/LOSS
JUL-12			
PREPAID	1 787 546.61		
CONVENTIONAL	90 620.20		
BUSINESS	3 384 277.58		
BASIC	125 018.00		
TAMPERING	112 170.00		
RECONNECTION FEE	36 700.00		
TOTAL	5 536 332.39	6 772 848.86	-1 236 516.47
Aug-12			
PREPAID	1 833 275.59		
CONVENTIONAL	79 228.77		
BUSINESS	819 622.76		
BASIC	132 325.82		
TAMPERING	53 500.00		
RECONNECTION FEE	22 500.00		
TOTAL	2 940 452.94	6 972 871.06	-4 032 418.12
Sep-12			
PREPAID	1 562 982.56		
CONVENTIONAL	86 941.13		
BUSINESS	1 490 165.23		
BASIC	123 398.17		
TAMPERING	22 096.06		
RECONNECTION FEE	55 050.00		
TOTAL	3 340 633.15	3 657 428.29	-316 795.14
Oct-12			
PREPAID	1 163 636.11		
CONVENTIONAL	89 834.92		
BUSINESS	1 340 984.87		
BASIC	135 096.59		
TAMPERING	115 540.00		
RECONNECTION FEE	64 500.00		
TOTAL	2 909 592.49	2 962 747.85	-53 155.36
	14 727 010.97	20 365 896.06	-5 638 885.09
Prepared By: N.L. Mngomezulu			
Reviewed by: Revenue Manager			
Approved By:			
Date: 12/12/2012			
Date: 20/12/12			
Date: 12/12/2012			

8. ACTION PLAN ON THE AUDITOR-GENERAL'S REPORT

EXECUTIVE SUMMARY

Structure of the Report

The report summarizes the issues raised by the Auditor General (AG), the summary of measures that the Council has put in place in order to prevent a recurrence of issues that have been identified by the AG as well as the progress thereof. This is followed by the detailed issues as reported by the Auditor General. Ulundi Municipality's Management responses covers the action that will be taken, followed by the Official assigned the responsibility of ensuring this is done, then by the current status of progress made to date if any and finally a target date for completion.

SUMMARY PROPOSED ACTION PLAN

Corrective action has been taken to rectify the weaknesses identified.

ACTION PLAN ON THE AUDIT REPORT FOR ULUNDI MUNICIPALITY ISSUED BY THE AUDITOR-GENERAL FOR 2011/2012 FINANCIAL YEAR

PARAGRAPH	QUERY	PROGRESS REPORT	ACTION STILL TO BE TAKEN	DATE OF FINALISATION
8	Going Concern	<ul style="list-style-type: none"> New meters have already been installed and the billing has been corrected. Eskom monthly billing has dropped from 4,2m per month to 3,2m as compared to previous year despite Eskom tariff increase and new customers connected to the network. The contract with Transunion was signed in December 2012 and the information pertaining to all Ulundi Municipality debtors has been provided to the service provider for data cleansing purposes Net salaries have dropped from 3,1 m to 2,8m per month as a result of suspending subsistence and transport costs Structured way of disconnecting has enabled the municipality to monitor those consumers who were not paying the municipality regularly 	<ul style="list-style-type: none"> Management of all control measures as mentioned under progress (Cash Flow Management Committee) 	Ongoing
9	Unauthorized expenditure	<ul style="list-style-type: none"> Any new position must be filled in accordance with an approved organogram, be budgeted for and approved by the Cash Flow Management Committee 	Cash Flow Management Committee	Ongoing
10	Material losses	<ul style="list-style-type: none"> The municipality has embarked upon "Operation Cisha" (disconnections) Changing of 20 commercial meters has been completed Investigation to the load control system in progress Investigation into power factor correction equipment in progress 	Cash Flow Management Committee	Ongoing

11	Restatement of corresponding figures	<ul style="list-style-type: none"> The Department of Finance has planned to finalize the Annual Financial Statements and submit them to the Internal Audit and subsequently Audit Committee two weeks prior to submission to the Auditor General to allow these authorities enough time to review the AFS 	CFO	15 August 2013
12	Fruitless and Wasteful expenditure	<ul style="list-style-type: none"> Although the situation has not yet improved it is anticipated that after the 31st of March 2013 all payments will be honored on/before the due date 	CFO	31 March 2013
21	Expenditure Management	<ul style="list-style-type: none"> Any new position must be filled in accordance with an approved organogram, be budgeted for and approved by the Cash Flow Management Committee 	Cash Flow Management Committee	Ongoing
22		<ul style="list-style-type: none"> After implementation of the cash flow management policy it is noted that we are now able to pay most of our creditors timeously and it is anticipated that after the 31st of March 2013 this municipality will have recovered substantially from cash flow challenges 	Cash Flow Management Committee	Ongoing
23	Strategic planning and performance management	<ul style="list-style-type: none"> A checklist will be compiled with pre-determined dates 	Director: Corporate Services	31 March 2013
24	Budgets	<ul style="list-style-type: none"> A checklist will be compiled with pre-determined dates 	Assistant Director: Legal	31 March 2013
25		<ul style="list-style-type: none"> A checklist will be compiled with pre-determined dates 	Assistant Director: Legal	31 March 2013
27	Leadership	<ul style="list-style-type: none"> A checklist will be compiled with pre-determined dates 	Assistant Director: Legal	31 March 2013
28		<ul style="list-style-type: none"> The Department of Finance has planned to finalize the Annual Financial Statements and submit them to the Internal Audit and subsequently Audit Committee two weeks prior to submission to the Auditor General to allow these authorities enough time to review the AFS 	CFO	15 August 2013

AUDIT COMMITTEE REPORT

1. STRATEGIC THRUST

Good Governance

2. OBJECTIVE

To submit the report in terms of sections 166 and s121(4)(g) of the Municipal Management Finance Act, 2003 concerning the role and responsibilities of the Audit Committee.

3. BACKGROUND

The report was prepared in terms of the provisions of the Municipal Finance Management Act (MFMA). The report highlights the reportable items with reference to the function, outcomes and timelines for future actions. The Audit Committee performed the duties of both the Audit and Performance Committees in the Municipality for the financial year 2011-2012.

4. REPORTING ITEMS

REPORTING ITEMS	FUNCTION	OUTCOMES	TIMELINE
1. The role of the Audit and Performance Audit Committee	<p>a. The Performance Management Audit Committee is a mechanism that is established to ensure that service delivery receives the necessary attention on a continuous basis. The audit committee has assumed an additional responsibility of playing the role of the performance audit committee.</p> <p>b. Section 166 (1) of MFMA prescribes that "Each municipality and each municipal entity must have an Audit Committee subject to subsection (6). S166 (2) indicates that an "Audit Committee is an independent advisory body which must</p> <p>(a) Advise the Municipal Council, political office bearers, accounting officer and the management staff of the municipality or the board of directors on matters relating to:</p> <p>i. Internal financial controls and internal audits</p> <p>ii. Risk management</p> <p>iii. Accounting policies</p> <p>iv. The adequacy, reliability and accuracy of financial reporting</p>	<p>The PAC held the following meetings in 2011/2012:</p> <p>(i) 05 August 2011</p> <p>(ii) 30 August 2011</p> <p>(iii) 03 November 2011</p> <p>(iv) 11 November 2011</p> <p>(v) AGSA visit 13 February 2012</p> <p>(vi)</p> <p>(vii) 15 May 2012</p>	Function is in place

		<p>of information</p> <p>Performance management</p> <p>v. Effective governance</p> <p>vi. Compliance with this Act, Division of Revenue Act (DORA) and any other applicable legislations</p> <p>viii. Performance evaluation and other mandates provided in terms of S166'.</p> <p>c. The Terms of reference of the Audit committee are dealt with in the Audit Charter</p>	<p><u>Audit Committee Members</u></p> <p>D. Mbatha – Chairperson</p> <p>Dr T.I Nzimakwe - member</p> <p>P. Mtambo – resigned (June 2012)</p> <p>P.Sithole - new member</p>	
2.	Performance Management	<ul style="list-style-type: none"> Performance management is the central management tool that will assist the Council to improve service delivery by channelling the efforts of its departments and employees to meet performance targets and in so doing ensure that the municipality achieves its strategic objectives S45 of the Municipal Systems Act (MSA) requires that the results of performance measurements must be audited (a) as part of the municipality's internal audit process and (b) annually by the Auditor General. Compliance in terms of Local Government, Municipal Performance Regulations for municipal managers and managers directly accountable to municipal managers, 1 August of 2006. 	<p>The Internal Audit (I/A) submitted the strategic plan and annual report – duly approved by Performance Audit Committee (PAC) on 03 November 2011</p> <p>The municipality has a performance manager. The performance of all 557 employees was conducted and reviewed by the I/A and the audit committee.</p>	Ongoing

3.	Risk Management	Risk management entails the planning, arranging and controlling of activities and resources to maintain the risks faced by the Municipality at an acceptable level. Risk Assessment is the process of considering risks that are significant to the achievement of the Municipal objectives. The Internal Audit Plan developed by Internal Audit is risk driven to ensure that limited resources are spent on the most important, high risk or potentially risk areas.	Risk assessment workshop was conducted in September – the risks were taken into account in formulating the audit plan which was submitted to the PAC and approved	2012
		Conflict of interest	<ul style="list-style-type: none"> We have not noted conflict of interest however this will be reviewed during the 2011/2012 	
		Matters under investigation which involves Municipal staff or councillors	<ul style="list-style-type: none"> No issues 	
		The legal register	<ul style="list-style-type: none"> None 	
		Reportable irregularity and/or fraud	<ul style="list-style-type: none"> None 	
6.	Internal Audit	Compliance and governance	Compliant	Ongoing

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6

	<p>Section 165 of MFMA states that "each municipality and each municipal entity must have an Internal Audit Unit and subsection (2) says "the Internal Audit of a municipality must (a) prepare a risk based audit plan and an internal programme for each financial year. (b) advises the Accounting Officer and report to the Audit Committee on the implementation of the Internal Audit Plan on matters relating to</p> <ul style="list-style-type: none"> (a) Internal audit (b) Internal controls (c) Accounting procedures and practices (d) Risk and risk management (e) Loss control and (f) Compliance with this Act, DORA and other applicable legislations 	<p>The Internal Audit Charter as well as Audit Committee Charter was reviewed by the PAC (15 November 2012)</p>	
Internal Audit Capacity		<p>The IA function currently has an Internal Audit Manager, Senior Auditor and an Internal Auditor. The I/A is considered effective with the only deficiency being the lack of an IT auditor. This shortcoming will be addressed by insourcing expertise. A budget of R100 000 is available for 2012/2013</p>	30 July 2012
Internal Audit Reports	<p>It is the function of the PAC to review the Internal Audit reports and report to Council on internal controls and/or financial or non-financial matters. The report reviewed specifically dealt with performance measurements and the key findings are summarised as follows.</p> <ol style="list-style-type: none"> 1. Inadequately defined performance indicators in the SDBIP 2. Inadequate evidence supporting achievement of performance objectives 3. PMS policy framework not addressing all PMS requirements 4. Insufficient engagement of project teams in facilitating development and support 	<ul style="list-style-type: none"> • PAC's initial assessment of the internal control indicates that the Municipality has the fundamental internal controls in place. • All internal audit reports were 	Ongoing

	of the performance management system	reviewed during the Financial year	
7.	Non-Compliance	It is the responsibility of the PAC to make follow-ups to any matters of emphasis raised by the AG and report on material financial and non-financial issues to Council.	2011/2012
		<ul style="list-style-type: none"> The Municipality obtained an unqualified audit opinion in the 2011/2012 financial year with matters of emphasis. A clean audit campaign is being initiated beginning January 2013 to get a clean audit report in 2013/14. 	
8.	Inter-governmental Relations	One of the responsibilities of the PAC is to ensure good relations between the Internal and External auditor and ensure that they are invited to the PAC meetings.	Ongoing
9.	Annual Financial Statements (AFS)	<p>Section 166(b) requires of the PAC to "review the annual financial statements to provide the Council of the municipality or in the case of a municipal entity, the council of the parent municipality with an authoritative and credible view of the financial position of the municipality, efficiency and effectiveness and its overall compliance with this Act, the Annual Division of Revenue Act and any other applicable legislation".</p> <ul style="list-style-type: none"> AFS were reviewed in August 2012 and comments submitted to Finance for corrective measures. The same comments sent to MPAC 	August 2012

5. Auditor General Report

The Municipality obtained an unqualified audit opinion for the 2011-2012 financial year. It is however noted that there are still areas for improvement which are worth of note to Council. These matters of emphasis are as follows:

5.1 Going concern

Immediate indication of going concern problems include unspent conditional grants totalling R11,917 million and consumer deposits totalling R1,485 million not cash backed.

5.2 Unauthorised expenditure

Unauthorised expenditure totalling R3,143 million was incurred as a result of overspending on the budget in respect of employee cost. This amount has been disclosed in note 37.3 in the financial statements.

5.3 Material losses

The municipality suffered distribution losses to the value of R15,366 million during the financial year under review. This equates to 43,21% of the units purchased for the year.

5.4 Restatement of corresponding figures

The corresponding figures for 2010-11 financial years have been restated as a result of errors discovered in 2011-12 financial statements for the year ended 30 June 2011.

5.5 Fruitless and Wasteful expenditure

The municipality has disclosed fruitless and wasteful expenditure of R917 000.

5.6 Predetermined objectives

There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

5.7 Annual financial statements

The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the

MFMA. Material misstatements of capital assets, investment property, unauthorised expenditure and disclosure items identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

5.7 Expenditure management

Monies owing were not always paid within 30 days of receiving an invoice or statement, as required by section 65(2) of the MFMA.

5.8 Budgets

The municipality did not submit the approved budget within 10 working days of the approval by council and the service delivery budget implementation plan within three months of the approval of the plan by the mayor as required by section 20(2)(b) of the MFMA.

The municipal manager did not make public the approved service delivery and budget implementation plan plans within 10 days after they were approved by the mayor, as required by section 21(a) of the MSA and municipal budget and reporting regulation 19 (GNR 393 of 17 April 2009).

5.9 Leadership

Management has not exercised oversight of the financial statement preparation, asset register and compliance with regulations relating to performance information as material misstatements were identified in the financial statements during the audit.

5.10 Financial and performance management

Management has not implemented adequate controls to ensure that the financial statements are prepared in accordance with the Standards of GRAP and are supported by accurate and reliable evidence, as material misstatements were identified in the financial statements during the audit.

6. RECOMMENDATIONS

1. That Council note the important shift towards clean audit reports as from 2013/2014 and therefore a need prevails to ensure that the municipality receives lesser to no matters of emphasis in the audit opinion.

2. That both Council and EXCO makes a concerted effort to monitor as a standing agenda, the Management Action Plan that has been developed to address all issues raised by the AG as well as I/A.

2. That council note critically the weak cash flow situation in the municipality and continuously monitor the position until it normalises.

CHAIRPERSON.

PERFORMANCE/AUDIT COMMITTEE

28 January 2013

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154 5